

**State of Alaska
FY2006 Governor's Operating Budget**

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

Component: State Equipment Fleet

Contribution to Department's Mission

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.
- SEF provides 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 headquarters also 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, rate setting, computer systems, and training.
- 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.

FY2006 Resources Allocated to Achieve Results		
FY2006 Component Budget: \$25,079,800	Personnel:	
	Full time	164
	Part time	2
	Total	166

Key Component Challenges

SEF is in the process of reorganizing the regional components into three sections: maintenance, parts, and administration. This process is expected to be complete by the end of FY2005.

The State Equipment Fleet (SEF) operates 63 shops (some are on a seasonal or as needed basis) and has 167 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.

Budget restrictions during the past several years have remained a challenge since the number of vehicles in the fleet has continued to grow at an average rate of 1 percent per year.

Over the past five fiscal years depreciation was the fastest growing component of SEF's cost structure. It increased more than 27 percent. The increase for personnel cost was 15 percent. The change for expenses was almost 17 percent. During this time the size of the primary fleet maintained by SEF increased 19 percent. The latter increase resulted from converting assets maintained by DOT&PF Highways and Aviation staff to SEF maintenance.

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 substantially. 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 2004 it was \$169 million, an increase of 71 percent.

Starting in July 2004 SEF selectively lengthened the amortization periods of vehicles that have relative low usage and maintenance costs. This process will continue in the future in order to reduce the depreciation cost of the SEF fleet. It will be a challenge to reduce maintenance costs as vehicles are kept for longer periods of time.

The cost of fuel purchased by it customers through the SEF fleet card system has increased every year but one since FY1999. These increases are partially offsetting the cost reductions that SEF is making in maintenance and depreciation.

Significant Changes in Results to be Delivered in FY2006

Reduce the life cycle cost of the fleet by 5 percent from the five year FY2001-FY2005 average.

Achieve a vehicle uptime of 97 percent.

Achieve a 95 percent preventive maintenance compliance.

Achieve a scheduled maintenance level of 50 percent of total maintenance.

Maintain customer satisfaction at the FY2005 target level of 4.7 on a 5 point scale.

Major Component Accomplishments in 2004

- Annual life cycle cost of the SEF fleet was \$7,603 per vehicle or 96 percent of the FY1999 to FY2003 average.
- Customer satisfaction with SEF services was rated by its customers at 4.48 on a 5 point scale.
- Vehicle uptime held steady at 95 percent.
- Preventive maintenance compliance increased to 90 percent.
- Scheduled maintenance was at the 38 percent level.
- 62 bids were awarded and the program received 597new vehicles.
- 623 surplus vehicles were disposed of.
- No bid protests were received.

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

Contact Information

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**State Equipment Fleet
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	12,731.2
72000 Travel	0.0	0.0	517.8
73000 Services	0.0	0.0	2,791.6
74000 Commodities	0.0	0.0	8,968.2
75000 Capital Outlay	0.0	0.0	71.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	0.0	25,079.8
Funding Sources:			
1007 Inter-Agency Receipts	0.0	0.0	56.9
1026 Highways/Equipment Working Capital Fund	0.0	0.0	25,022.9
Funding Totals	0.0	0.0	25,079.8

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	0.0	0.0	32,832.2
Unrestricted Total		0.0	0.0	32,832.2
Restricted Revenues				
Interagency Receipts	51015	0.0	0.0	56.9
Restricted Total		0.0	0.0	56.9
Total Estimated Revenues		0.0	0.0	32,889.1

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-Reorganization of SEF- consolidate regional offices- Administration	0.0	0.0	2,600.2	2,600.2
-Reorganization of SEF- consolidate regional offices-Central Region	0.0	0.0	8,348.6	8,348.6
-Reorganization of SEF- consolidate regional offices-Northern Region	0.0	0.0	11,341.8	11,341.8
-Reorganization of SEF- consolidate regional offices-Southeast Region	0.0	0.0	1,926.2	1,926.2
Proposed budget decreases:				
-Reduce operational costs	0.0	0.0	-775.0	-775.0
Proposed budget increases:				
-Increase in fleet fuel costs	0.0	0.0	1,638.0	1,638.0
FY2006 Governor	0.0	0.0	25,079.8	25,079.8

State Equipment Fleet Personal Services Information

Authorized Positions		Personal Services Costs		
	<u>FY2005</u>	<u>FY2006</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	0	164	Annual Salaries	8,450,879
Part-time	0	2	COLA	208,302
Nonpermanent	0	0	Premium Pay	394,279
			Annual Benefits	4,566,835
			<i>Less 3.19% Vacancy Factor</i>	(434,495)
			Lump Sum Premium Pay	0
Totals	0	166	Total Personal Services	13,185,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk I	1	1	0	0	2
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	0	1	0	0	1
Administrative Clerk III	1	1	0	0	2
Administrative Manager I	0	1	0	0	1
Administrative Manager II	1	0	0	0	1
Administrative Manager IV	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Dist Equip Manager	1	1	0	0	2
Equip Operations Analyst	4	0	0	0	4
Equip Operator Jrny III/Lead	0	0	0	12	12
Equipment Fleet Dist Mgr	2	2	1	0	5
Maint Gen Sub - Journey II	1	0	0	0	1
Mech Auto Foreman I	0	0	1	2	3
Mech Auto Foreman II	2	2	0	4	8
Mech Auto Journey	0	4	0	1	5
Mech Auto Lead/Spec	16	11	2	63	92
Mech Auto Sub Journey	0	0	0	3	3
Procurement Spec I	2	0	0	0	2
Statewide Equipment Mgr	1	0	0	0	1
Statewide Maintenance Mgr	1	0	0	0	1
Statewide Parts Mgr	1	0	0	0	1
Stock & Parts Svcs Journey I	0	0	1	0	1
Stock & Parts Svcs Journey II	2	3	0	4	9
Stock & Parts Svcs Lead	1	1	1	0	3
Stock & Parts Svcs Sub Journey	1	1	0	0	2
Supply Technician II	1	0	0	0	1
Totals	42	29	6	89	166