

State of Alaska
FY2006 Governor's Operating Budget

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

State Equipment Fleet Results Delivery Unit

Contribution to Department's Mission

see SEF component

Core Services

see SEF component

End Results	Strategies to Achieve Results
<p>A: Improve customer satisfaction with DOT&PF fleet services.</p> <p><u>Target #1:</u> Increase customer satisfaction with DOT&PF fleet services by 5% from prior year.</p> <p><u>Measure #1:</u> Percent change in customer satisfaction with DOT&PF fleet services based on survey of customers. (Rating of 4 and above on a scale of 1 to 5, with 5 being best).</p>	<p>A1: Improve the quality of DOT&PF fleet services.</p> <p><u>Target #1:</u> Increase all wet vehicle uptime by 2%.</p> <p><u>Measure #1:</u> Percent change in uptime from prior year for all wet vehicles.</p> <p><u>Target #2:</u> Reduce the average number of days from purchase requisition to purchase order for capital purchases to 75 days.</p> <p><u>Measure #2:</u> Average number of days from requisition to purchase order for fleet purchases.</p>
End Results	Strategies to Achieve Results
<p>B: Reduce the annual lifecycle cost of the fleet.</p> <p><u>Target #1:</u> Reduce the annual lifecycle cost of the fleet by 5%.</p> <p><u>Measure #1:</u> Percent change in annual lifecycle fleet cost compared to the prior year.</p>	<p>B1: Provide efficiencies to reduce fleet costs.</p> <p><u>Target #1:</u> Increase preventive maintenance compliance by 5%.</p> <p><u>Measure #1:</u> Percent change in preventive maintenance compliance as compared to prior year.</p> <p><u>Target #2:</u> Increase scheduled maintenance to 50% of total maintenance cost.</p> <p><u>Measure #2:</u> Percent of scheduled maintenance compared to total maintenance costs.</p> <p>B2: Carry out safe DOT&PF operations.</p> <p><u>Target #1:</u> 10% increase in employees successfully completing required safety training.</p> <p><u>Measure #1:</u> Percent of employees completing required safety training.</p>

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Increase the use of extended term contracts for the procurement of capital assets • Partner with FNB Alaska to install a single statewide fleet fuel card. • Make lease and purchase decisions based on the lowest lifecycle cost analysis. | <ul style="list-style-type: none"> • Direct bill maintenance on fully amortized assets. • Extend amortization periods of existing assets when indicated by lifecycle cost projections. • Shorten or extend amortization periods of assets when indicated by lifecycle cost projections. • Transfer assets between low and high use locations to |
|---|---|

Major Activities to Advance Strategies

- Direct bill W status assets whose life maintenance costs exceed 100% of original asset cost. equalize usage.

FY2006 Resources Allocated to Achieve Results

FY2006 Results Delivery Unit Budget: \$25,079,800

Personnel:

Full time	164
Part time	2
Total	166

Performance Measure Detail

A: Result - Improve customer satisfaction with DOT&PF fleet services.

Target #1: Increase customer satisfaction with DOT&PF fleet services by 5% from prior year.

Measure #1: Percent change in customer satisfaction with DOT&PF fleet services based on survey of customers. (Rating of 4 and above on a scale of 1 to 5, with 5 being best).

SEF customer satisfaction rates

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	not available	not available	4.3	4.65	
2005	4.72	not available	0	0	4.72

Analysis of results and challenges: The evaluation of customer satisfaction provides user agencies a method of direct communication regarding their concerns and issues while also working to educate the customer base about the fleet operation. This communication provides management with a list of positive and negative issues regarding the actual service level or customer satisfaction. Through an ongoing web based survey system, the department seeks feedback on the staff's courtesy, maintenance quality, timeliness, and relaying of information on services provided and general advice.

A1: Strategy - Improve the quality of DOT&PF fleet services.

Target #1: Increase all wet vehicle uptime by 2%.

Measure #1: Percent change in uptime from prior year for all wet vehicles.

Light duty uptime in urban areas

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2001	not available	not available	not available	not available	92.2%
2002	not available	94.3%	94.4%	94.7%	94.7%
2003	98.0%	97.5%	97.5%	97.4%	97.4%
2004	97.6%	97.8%	0	0	97.8%

Analysis of results and challenges: 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.

Target #2: Reduce the average number of days from purchase requisition to purchase order for capital purchases to 75 days.

Measure #2: Average number of days from requisition to purchase order for fleet purchases.

Days taken to process vehicle purchase orders

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2002	57	78	81	90	76
2003	74	60	113	84	83
2004	103	71	67	84	80
2005	4	0	0	0	4

Analysis of results and challenges: SEF is the sole procurement authority for vehicles for executive branch agencies. Responsiveness to the purchasing needs of its customers can be measured by the amount of time it takes to change purchase requisitions into purchase orders.

The department will continue to investigate how to reduce the processing time for these purchases. That could include more prompt follow-up with user agencies, requiring user specification approval within a set amount of time (or requests go to the bottom of the list), improving the internal paper flow, train more people on specification writing, etc.

B: Result - Reduce the annual lifecycle cost of the fleet.

Target #1: Reduce the annual lifecycle cost of the fleet by 5%.

Measure #1: Percent change in annual lifecycle fleet cost compared to the prior year.

Life cycle fleet costs

Year	YTD	% change
1999	\$8,025	
2000	\$7,869	-1.9%
2001	\$8,098	2.8%
2002	\$8,037	-0.75%
2003	\$7,599	-5.4%
2004	\$7,603	0%

Analysis of results and challenges: Whether they are managing a private or government fleet all managers have a common interest in the cost of operating the equipment in their control. Management has the responsibility to ensure vehicle costs are reviewed, goals are established, and comparisons are made with prior years.

Components to life cycle cost trends include: general inflation, labor contract provisions, rate methodologies, organization, depreciation, SEF labor, repair parts, and fuel prices. In FY2005 the Z status and those vehicles over the 100% maintenance threshold were made billable. Through October the reorganized SEF management team has reduced SEF operating expenditure by 6% as compared to the same four months in FY2004. Significant areas of cost reduction were personnel, travel, parts, and commodities. In those same four months replacement fees are down 9% from last year due to extending amortization periods for selected vehicles. It is quite possible that increased fuel prices will probably negate all of the other cost savings.

Data in table represents the annual life cycle cost of an average fleet asset.

B1: Strategy - Provide efficiencies to reduce fleet costs.

Target #1: Increase preventive maintenance compliance by 5%.

Measure #1: Percent change in preventive maintenance compliance as compared to prior year.

Preventative maintenance compliance

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2002	78%	84%	85%	90%	90%
2003	90%	88%	87%	89%	88%
2004	89%	89%	89%	91	89%
2005	86%	0	0	0	0

Analysis of results and challenges: State Equipment Fleet continues to track preventative maintenance (PM) activities. As of early August 2004, the regions are experiencing from 85 to 95 percent compliance with preventative maintenance schedules. The PM compliance goals by fiscal year increased from FY2002—80 percent, FY2003—85 percent, FY2004—90 percent, to FY2005—95 percent.

Preventative maintenance 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 preventative maintenance service program are regularly pre-determined inspections including lubrication and service. Adherence to these schedules will help extend machine service life, improve availability and reliability, and reduce major component repair and replacement expenses.

Barriers to reaching or surpassing this measure include: The failure of the user agency to bring the vehicle in for preventative maintenance when requested by State Equipment Fleet and the inability of the user agency to bring the vehicle in if it is being used during the state's limited construction season. The latter can be alleviated by scheduling non-critical preventative maintenance at the end of the construction season or during the winter months when the vehicle is not in use.

Target #2: Increase scheduled maintenance to 50% of total maintenance cost.

Measure #2: Percent of scheduled maintenance compared to total maintenance costs.

Percent of maintenance that is scheduled

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2002	42.6%	36.3%	35.7%	42.5%	39.1%
2003	35.6%	37.4%	37.4%	41.3%	38.1%
2004	36.3%	38.4%	40.4%		38.4%

Analysis of results and challenges: The amount of scheduled maintenance is an indicator of the amount of control that management has over the inspection and repair of the fleet. This is mostly a preventative maintenance compliance and quality issue. Both can be improved through SEF management attention. Education of users is being implemented to improve preventative maintenance compliance. In general management and supervision should be scheduling 50 percent or more of the workload.

The Equipment Management System and work orders have been modified to track all scheduled maintenance activities. This will allow for improved tracking of non-scheduled vs. scheduled maintenance.

B2: Strategy - Carry out safe DOT&PF operations.

Target #1: 10% increase in employees successfully completing required safety training.

Measure #1: Percent of employees completing required safety training.

Percent of employees completing training

Year	YTD
2003	11.5%
2004	10.9%

Analysis of results and challenges: Seeing an increase in accidents and workers compensation claims, the department undertook a review of the safety program in 2002. The result was the production of a new safety manual that includes required safety training elements. The new manual became policy in 2003. Previously, each region, section and safety officer within the department held training events including periodic safety

meetings and briefings on new equipment and procedures as needed. Increased funding may be necessary for travel, lodging and additional equipment to comply with the employee specific job training requirements. Required training is expected in other areas, e.g., homeland security drills, etc.

Required safety training, as identified in the safety manual, is being implemented over a 5 year period. Through additional safety training, we expect a reduction in work related injuries and workers compensation claims.

This is a new measure that has required time and resources to identify and document required baseline information. The FY03 and FY04 data relates to employees' participation in department safety meetings. Future data will look at all required safety training.

Key RDU Challenges

see component

Significant Changes in Results to be Delivered in FY2006

see component

Major RDU Accomplishments in 2004

see component

Contact Information
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**State Equipment Fleet
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2004 Actuals				FY2005 Management Plan				FY2006 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
Formula Expenditures												
None.												
Non-Formula Expenditures												
State Equipment Fleet	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25,079.8	25,079.8
Central State Equipment Fleet	0.0	0.0	7,144.8	7,144.8	0.0	0.0	8,193.2	8,193.2	0.0	0.0	0.0	0.0
Northern State Equipment Fleet	0.0	0.0	10,735.1	10,735.1	0.0	0.0	11,125.7	11,125.7	0.0	0.0	0.0	0.0
Southeast State Equipmnt Fleet	0.0	0.0	1,661.6	1,661.6	0.0	0.0	1,885.4	1,885.4	0.0	0.0	0.0	0.0
Totals	0.0	0.0	19,541.5	19,541.5	0.0	0.0	21,204.3	21,204.3	0.0	0.0	25,079.8	25,079.8

**State Equipment Fleet
Summary of RDU Budget Changes by Component
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	21,204.3	21,204.3
Adjustments which will continue current level of service:				
-State Equipment Fleet	0.0	0.0	24,216.8	24,216.8
-Central State Equipment Fleet	0.0	0.0	-8,193.2	-8,193.2
-Northern State Equipment Fleet	0.0	0.0	-11,125.7	-11,125.7
-Southeast State Equipmnt Fleet	0.0	0.0	-1,885.4	-1,885.4
Proposed budget decreases:				
-State Equipment Fleet	0.0	0.0	-775.0	-775.0
Proposed budget increases:				
-State Equipment Fleet	0.0	0.0	1,638.0	1,638.0
FY2006 Governor	0.0	0.0	25,079.8	25,079.8