The State of Delaware 2015 Cronin Submission
Maximizing Fleet Resources and Streamlining Operations

Executive Summary

The State of Delaware Fleet Services operates a statewide 2,200+ vehicle fleet to serve the day-to-day transport needs of State agency users and is modeled after commercial rental car operations. The contracts that enable successful operations cover the complete vehicle lifecycle and rely on a variety of technology, fuel and vehicle purchase, as well as maintenance and repair contracts.

Vehicle purchase agreements and a Master Lease funding contract facilitate the vehicle procurements. The Fleet team installs and then utilizes GPS tracking and diagnostic reporting to pro-actively identify maintenance needs. The team the, outsources the maintenance services to the network of approved contract vendors. Instead of operating in-house garages, the Fleet Services team maximizes use of the approved repair facilities; all without having to hire, retain and/or train personnel in a highly specialized field nor equip and operate facilities. A Fuel Management contract allows vehicle fueling at retail pumps, but at tax exempt pricing, and without the need to operate, maintain and secure fueling locations. Finally, end of life disposition of fleet vehicles occurs via an Auctioneer contract marketing to the public to maximize return on the original investment.

These contracts support an innovative statewide fleet program that is unique in government fleets. A recent analysis of Top 100 Fleet applications shows that out of 94 fleets recognized, only 4, including the State of Delaware, handle vehicle maintenance though a contract vendor network. Despite this limited utilization, this model is easily transferable to any size operation. Delaware has proven the model works by operating at rates competitive to GSA schedules and maintaining a fleet with an average vehicle age of less than four years old.

Innovation

The State of Delaware Fleet Services section was first established in 1994. Prior to the creation of Fleet Services, the State of Delaware’s fleet was decentralized and agency controlled. The fleet was aged, oversized, costly, and inequitably distributed among agencies. Each department owned and maintained its vehicles; and the quality of maintenance varied and there were no central contracts in place allowing the advantages of volume discounts.

The office of Fleet Services, along with the position of Fleet Administrator, was established to assume ownership of State vehicles, procure a maintenance management and automated vehicle dispatch system, and develop all the necessary maintenance and repair contracts that included the use of the Delaware Department of Correction Prison Industries repair facility.

From the beginning a decision was made to model Fleet Services after commercial rental car agencies; meaning there would be no auto technicians to hire, train, or maintain ASE certifications. In addition, overhead would remain minimal by having no facilities to manage, expensive diagnostic equipment to
procure, upgrade or re-train to, nor environmental obstacles to overcome in the disposal of fluids and tires.

GPS (automatic vehicle location) and diagnostic reporting was contracted, implemented and used to maximize resource utilization, and take record keeping from the paper to the digital age. This move allowed personnel to manage the business versus having to spend extra time managing the capital equipment. The outsourced operational model, which was augmented by new technology capability, is truly innovative as very few state fleet operations have assumed this type of operation.

Transferability

The State of Delaware maintenance and repair contracts have been created to mirror the model fleet management companies’ use in the private sector. A statewide network of authorized repair facilities has been created through the procurement process to serve all aspects of vehicle maintenance and repair. This includes fleet maintenance and vehicle, transmission and glass repair contracts. These types of contracts can be immediately adapted by any state or local government agency with little to no customization and without regard to the government entity’s size. As a comparable benchmark, national fleet management companies employ this same model to fulfill fleet operation needs.

Until just recently, the State of Delaware used one contract officer to manage all vehicle contracts. Input and feedback from the fleet sections clearly defines a preventative maintenance plan that ensures the Fleet Services’ vehicles are some of the best maintained in government fleet. By having the central procurement division resource focusing entirely on fleet contractual needs, the combined team has developed outstanding vendor relationships. The knowledgeable Fleet team manages the program, leaving non-fleet agencies the ability to focus on what they do best and not be burdened with fleet management.

Service Improvement

Fleet management can be handled in house with garage facilities, through a third party administrator, or through the procurement process. The State of Delaware has chosen the procurement process because the State of Delaware believes this is the most cost effective with the highest level of service available.

Reviewing government fleet managers and automotive industry feedback, one of the most difficult positions to fill are quality, trained, experienced, and certified technicians. In many states you find most maintenance is handled in-house but when there is a shortage of staff or a spike in work they have to send work out to vendors to keep up with the work load. Modern vehicles are becoming more complicated with computer systems, internet connectivity, and electronics that require specialization. This requires more specialized equipment and on-going training. The continued shortage of personnel capable of handling this technological change requires that hiring bonuses be paid to attract qualified applicants.
Third party vehicle service providers have their own challenges in service by taking on more work than their staff can handle resulting in poor service to the customer. Relationships are strategic but if service levels drop, it is difficult to modify providers and/or shift service locations.

By publically bidding and awarding to local providers, the Contracting team can provide opportunity to multiple local businesses. The Fleet Services team can shift assets to service providers at will; moving vehicles to the providers that can perform in a timely manner and/or have the fewest quality returns. Fleet liaisons work daily with local vendors allowing strong relationships to be formed with dealerships, service shops, and repair facilities. Contract specifications have been changed to allow for vendor pickup and delivery and weekend service; all which limits the need for state resources to manage the fleet. The local vendors compete against each other, yet benefit from increased service traffic which helps their technician retention and improves their return on investment.

Electronic tracking and maintenance reports maximize resource utilization, minimizing downtime and ad hoc customer complaints. By reducing the number of employees required to manage the fleet, those same employees can be reallocated to reservations and the infrequent “on road” service calls. The GPS tracking provides public transparency and insight into the effectiveness of individual business unit operations.

By managing the State’s fleet with outsourced vendors, service backlogs are minimized, and vehicle accessibility is maximized; the team is able to average fewer than 5% of the fleet needing maintenance on a weekly basis. With a fleet that travels over 350,000 miles per week this is an outstanding accomplishment. Finally, all of these actions result in lower total cost of ownership that allows Fleet Services to turnover vehicles more quickly which also improves driver satisfaction scores when drivers have access to newer vehicles.

**Cost Reduction**

The three largest costs associated with our fleet are the cost of vehicles, maintenance, and personnel. Fleet Services provides a rate to our agencies that includes all of these cost including fuel and tolls. It is a true one rate option with no additional charges so agencies can budget transportation expense with an exact dollar amount. The combined contract portfolio allows for the lowest cost transportation with the highest level of service available to state agencies. Regular rate benchmarking of surrounding states and rental car companies proves we are able to keep our costs very low and allow us to pass this savings in the form of low rates on to the agencies.

The various contracts remain competitive when compared to the local market and other in house garage facilities. We also do not have to increase personnel expense to incorporate ASE certifications, training for the latest vehicle technologies, and non-productive indirect labor hours of technicians. Finally, by site, insurance and equipment costs are eliminated by not having in-house garage facilities.

As a demonstration of efficiency, our Fleet Maintenance contract provides a labor rate of $60 to $95.82 per hour where the general public pays as much as $110/hour. An analysis of the Top 100 Fleets applications shows most in-house garage facility operations charge in the area of $75/hour which is in
the range of what our contact vendor network charges, but Delaware will not have be concerned with personnel legacy costs. Further, our daily rate for a Minivan is $25.17, with all tools and fuel included, where other state fleets and rental car companies are charging $40 to $171.83 per day. Our sedan daily rate is $20.10 compared to $27.37 to $40 per day.

Summary

Today Fleet Services serves all of the transportation needs of over 16,000 State employees, along with almost 4,000 daily pool car users. The Fleet Services team manages over 2,200 vehicles which are rotated on a 7 year 80,000 mile lifecycle. All vehicles are equipped with telematics which integrates with a fleet management system allowing accurate mileage downloads and a preventative maintenance tracking program. Each aspect of the fleet’s vehicle lifecycle is accomplished by managing a close relationship the State of Delaware’s Contracting team and utilization of the numerous mandatory use contracts. Together, there is over 20 years of history with State procurement, which has evolved over time to meet the changing needs of Fleet Services and the State employees that Government Support Services supports.

As demonstration of this success, Fleet Services has been recognized every year since 2008 as a Top 100 Fleet in North America, out of over 38,000 public fleets eligible for the award. The State of Delaware’s collective fleet contracts stand out as notable contributions from the Contracting team and have proven to be a critical part of Fleet Services success and longevity of its operations.