



DEPARTMENT OF
GENERAL SERVICES

Department of General Services Office of Fleet Management Services (Fleet Vehicle Rates)

Presented to: JLARC - Internal Service Fund Subcommittee

Presented by: Jim Roberts - Director, Department of General Services

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Background

- State Passenger Vehicle Fleet
 - Passenger Vehicles “Central Fleet” = 3,505
 - “Daily “Trip Pool” = @ 150
 - Agency Owned Passenger Vehicles = @ 6,500
- Virginia Transportation Research Council (VTRC) Report (1999)
 - “An Investigation of Rental Rates for Centralized Fleet Vehicles”
 - Basis for Current Rental Rate Structure (JLARC approved effective 7/1/00)
 - Components:
 - Operating (fuel, maintenance and parts, OFMS administration)
 - Capital Cost Components by Class (compact, mid-size, full-size, mini-vans)
 - » Includes vehicle replacement
- JLARC Report - “Review of the State Passenger Fleet” (2003)
 - Need for better data to review rental rate structure
 - Improve vehicle procurement process
 - Examine out-sourcing



Background

- VTRC Study Recommended Replacing Passenger Vehicles at 105K Miles, Mini-Vans at 120K Miles
 - Today (FY 2006)
 - 430 Passenger Vehicles over 105K
 - 51 Mini-Vans over 120K
 - Unfilled Requests from Agencies for Permanent Vehicle Assignment = 107
 - Vehicle Replacement Need for FY06 = 588
- Variables Impacting Recovery of Actual Operation and Capital Costs
 - Unstable Fuel Prices (data source U.S. Department of Energy)
 - 7/1/99 = \$1.06
 - 7/1/02 = \$1.30
 - 7/1/05 = \$2.19
 - 9/3/05 = \$3.15
 - 11/28/05 = \$2.04
 - Increased Cost to Replace Vehicles
 - CPI Increase for New Vehicles From 1999 to Present = 4.1%
- JLARC Study Follow-up
 - Out-sourcing Options
 - September 2005 - Implemented Vehicle Maintenance Control (Call) Center (VMCC)



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Proposed Changes to Rates

- Proposed Fleet Rate
 - Operational
 - Reduces OFMS Operational Costs Per Mile Charged to Agencies
 - Incentive for Agencies to More Closely Monitor Fuel Consumption
 - Capital
 - Increase Approximately 4.1% (in-line with CPI) to Meet Replacement Costs
 - Fuel Costs
 - Fuel Cost Data Provided by Fuel Card Vendor and VDOT

- VMCC Maintenance Fee (Agency Assigned)
 - State Agencies and Localities have Expressed Interest in Fleet Management Services Available from the DGS VMCC
 - Sliding Scale Per Vehicle for Agencies to Purchase VMCC Services



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Proposed Operational Rates

Vehicle Class	Operational Current Per Mile	Operational <u>Proposed</u> Per Mile
Compact	\$.07	\$.042
Mid-Size	\$.08	\$.048
Full-Size	\$.09	\$.054
SUV	\$.19	\$.114

- Reduction Resulting from Fuel Cost Pass Through
- DGS Operational Charges to Agencies Reduced Approximately \$1.6M (based on FY05 mileage data)



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Proposed Capital Rates

Vehicle Class	Permanently Assigned Current Monthly Rate	Permanently Assigned <u>Proposed</u> Monthly Rate	Trip Pool Current Daily Rate	Trip Pool <u>Proposed</u> Daily Rate
Compact	\$150	\$169	7.20	9.21
Mid-Size	\$175	\$197	8.40	10.75
Full-Size	\$212	\$238	10.20	13.05
SUV	\$200	\$225	9.60	12.28

- Increase will Result in a Revenue Increase of Approximately \$336K (based on FY05 vehicle usage data)
- Increase will Allow for Vehicle Replacement Needs to be Met



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Proposed Fuel Rates

- Pass-through
 - direct cost at prevailing rate,
 - based on actual use



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Proposed VMCC Rates

Number of Vehicles Served	Cost Per Vehicle Per Month
1 – 25	\$5.00
26 – 100	\$3.50
100+	\$2.00

- Rates Based on Industry Standard for VMCC Services
- Rates will be Re-evaluated Once Sufficient Service Data is Collected and can be Interpreted from VMCC database