

Managing the State of Delaware Vehicular Fleet

Overview:

The State of Delaware Fleet Services is responsible for managing 3,000+ passenger vehicles, of which 2,240+ are assigned to specific state agencies or drivers, and 150+ units are dispatched daily from multiple pickup sites at different locations across the state. On average, the program processes around 11,000 reservation requests annually and operates much like a commercial leasing operation, charging for its services. With over 19,000+ authorized drivers having access to transportation resources, the program aims to ensure vehicles are professionally managed to provide maximum safety, cost effectiveness, maintenance efficiencies, availability, and superior customer service.

A Brief History

In June of 1993, a report to the Governor and General Assembly was presented, providing an overview of the condition of state-owned passenger vehicles. In short, the fleet was too old, too large, too costly, and inequitably distributed among the agencies. Each department owned and maintained its vehicles. This resulted in maintenance ranging from adequate to none performed. The quality of maintenance varied, as no agency could take advantage of volume discounts, and obtaining vehicle replacements depended on the budget plus the agency's ability to lobby for funds. In Fiscal Year 1994, the proposed budget provided for 44 vehicles to be replaced in a fleet of 1,628 passenger vehicles, which translated to the fleet being refreshed once every 37 years. Further, by Fiscal Year 2000, it was estimated that \$15.1 million would be required to replace vehicles that could no longer be repaired.

With the approval of the Governor and unanimous authorization by the General Assembly, a plan was initiated to consolidate the fleet, develop daily-use vehicle pool sites and create contracts for all aspects of vehicle maintenance and repair. This was to be accomplished with existing funds used by agencies to support their vehicles; a one-time \$1 million General Fund allocation; implemented not to disrupt the mission of state employee drivers; and continuing to provide superior "customer" service. From the Fleet Administrator's office, Fleet Services was created to assume ownership in phases over roughly two years, procure a maintenance management and automated vehicle dispatch system, and develop all necessary maintenance and repair contracts. Incorporated into the maintenance plan included using a Delaware Department of Correction Prison Industries repair facility for roughly 40% of all routine work and developing a perpetual vehicle replacement cycle.

It was important that the initiative obtain as much agency buy-in as possible, as the change was a radical reengineering of how vehicle management was previously administered within the state. Most individual agencies would lose autonomy over their vehicle inventory which was a dramatic change. In exchange, agencies would ultimately be the recipients of newer and cleaner vehicles that were managed by a dedicated professional team. As with any new product or service marketed in the private sector, a logo and marketing materials were created, including an

introductory video describing how vehicle service would be provided. Individual meetings were held with agency heads, after which mass meetings were conducted for agency employees.

At the start, the decision was made to model Fleet Services after commercial rental car agency operations. This meant there would be no auto technicians to hire, train or maintain certifications; no service facilities would be required, thereby eliminating the need to obtain, manage or equip buildings or to dispose of tires, oil, antifreeze, etc.; to keep costs minimal, part-time employees would be a component of the organization to move cars and perform other non-skilled tasks.

This initial effort reduced the fleet by 13%, created 24 daily dispatch sites, began the development of a cost-effective vehicle replacement cycle, and created a cost avoidance savings of \$3.0 million.

Delaware Fleet Services 2023

Since 1993 Fleet Services has assumed additional management of agency-owned vehicles expanding vehicle types managed to light trucks, specialty trucks, handicap-accessible vans, and an array of enforcement and emergency vehicles. Of the 3,000+ vehicles it manages, 2,240+ vehicles are leased to agencies. Fleet staff handle an average of 11,000 reservations annually for an inventory of 150+ daily rental vehicles located at multiple sites statewide. Approximately 19,000 employees have access to this transportation resource. The program is staffed with 29 F/T employees and 8 P/T employees, providing complete customer support, including 24/7 roadside assistance. The vehicle expenses and most services are provided through a network of contracts and agreements. Most importantly, a robust vehicle management information system supports operation management, ensuring safe, readily available vehicles serviced and maintained efficiently and professionally.

Vehicle Acquisition

Fleet Services' preferred replacement cycle is seven years or 80,000 miles. There are exceptions for certain vehicle types, but the goal is an average vehicle age of 3.5 years. Besides ensuring high levels of vehicle availability, this replacement cycle mitigates repair costs over vehicle life and optimizes residual value on disposal. Maintaining this cycle requires an annual purchase of approximately 400 vehicles each year.

When Fleet Services was first developed, the plan was to make cash purchases of all replacement vehicles. However, with limited "start-up" cash, a method was needed to quickly acquire vehicles to replace very old and unreliable vehicles collected in the centralization of vehicle ownership. At that time, the state of Delaware had created, bid, and awarded a Master Municipal Lease Purchase Contract (MMLP) used to borrow needed funds to purchase equipment, furniture, and other fixed assets. The equipment procured would act as collateral for the borrowed funds. As collateralized loans, interest rates were very low, and the repayment length was adjustable to the asset's useful life. Agencies that used the financing contract were required to have the equivalent of one year of payments on deposit and a verifiable source of revenue for the vehicle's lifecycle.

Fleet Services was able to commit to the purchase of 495 sedans in 1995, or the equivalent of \$4.2 million. This method continues to be used to maintain a perpetual, stable replacement cycle and

avoids issues of excessive cash accumulation. Further, since Fleet Services is operated with a self-funding model, the Legislature is alleviated from the need to appropriate funds for vehicle acquisition, maintenance, and/or personnel payroll.

Information System

Delaware Fleet Services utilizes the Asset Works Fleet Focus system to manage vehicles and to record and dispatch daily use vehicles from multiple sites statewide. From the beginning, the ability to summarize vehicles used by agencies and then electronically bill was critical. Initially, reservations were made by the pre-registered employee sending a fax or email requesting a vehicle. The Fleet Services “reservationists” entered the request and sent a confirmation. This process has evolved to allow drivers to make reservations from any connected device without reservationist intervention and receive instant confirmation. The employee takes their confirmation to a dispatch site, acquires the keys, and returns the keys at the end of their rental period.

The heart of the system is the maintenance module which tracks all aspects of vehicle use and, maintenance & repair. Implemented modules besides motor pool and maintenance, include an authorized driver database, online reservation portal, reporting module, interfaces for download of meter readings, email reservation confirmations, automated employment verification, and automated DMV license check process.

Since 2006, this software has been seamlessly integrated with a vehicle telematics system to gather data. Originally intended to be phased in over several months, the value of the data received was so significant that telematics was installed on all vehicles. Daily odometer readings improved the maintenance module and provided critical insights. Telematics is also utilized to track speeding, excessive idle time, pool site utilization, individual vehicle usage, logistical dispatching for emergency response agencies, and to identify unauthorized commuting or vehicle misuse. The system has proven to be a critical resource during emergencies such as hurricanes, snowstorms, and flooding. It enables tracking to ensure state-owned vehicles are removed from evacuation zones and allows the appropriate vehicles to be dispatched to evacuation centers. Other implemented initiatives include:

- A process that compares drivers’ driver’s license information in the authorized driver database and matches it to DMV driver data to ensure the validity of driver’s licenses and provide an exception report, which is then shared with employee human resources contacts so they can rectify.
- Since 2010, emissions data collected from the telematics system is sent directly to the state’s Division of Motor Vehicles, eliminating the need for taking Fleet vehicles through the safety/emissions lanes for registration renewal. This was one of the first state fleet program integrations with DMV nationwide and avoids 700 vehicles being driven through the inspection lanes annually. This process alone saves hundreds of employee hours, generating over \$25,000+ in opportunity cost savings back to the fleet program.

Metrics

The success of Fleet Services has been a constant commitment to having cutting-edge “tools” to manage the program, an almost obsessive commitment to measurement, and a high level of entrepreneurial thinking. There are measurements for every component of activity. Using the data collected from vehicle maintenance activity; reservations; telematics data, and utilization of individual vehicles and groups of vehicles; constant adjustments and changes are made to all aspects of the operation. This data proved itself most valuable in 2008 when the Governor requested that the fleet be reduced by 20%. Using pool site information, utilization history from both individual and groups of vehicles, and logistical data, Fleet Services cut inventory by 22.6% or 579 vehicles from the 2008 operational fleet level.

In addition, in 2010, Governor Jack Markell issued Executive Order No. 18, seeking a 15% reduction in miles driven, thereby reducing fuel consumption and the resulting pollution emissions. Using all aspects of the telematics data, FY2023 miles driven have been reduced by 24.07% from FY2008 levels.

Efficient and cost-effective management of the fleet is still a top priority, and metrics continue to play a crucial role in achieving this goal.

Benchmarking

Fleet Services is an internal service unit that operates similarly to popular commercial rental companies like Enterprise and Hertz. The program doesn't receive direct funding from the General Assembly and instead charges monthly fees to user agencies. This setup means that Fleet Services is responsible for providing excellent service and quality products at the most affordable rates. Every year, Fleet Services conducts a comprehensive assessment of their costs and vehicle expenses, covering everything from acquisition to fuel and miles per gallon. Based on this analysis, rental rates are determined for each vehicle type and compared to those of other government and commercial operations to ensure competitiveness.

Fueling the Fleet

Back in 1988, Delaware responded to the Federal Clean Air Act's regulations regarding its fueling facilities by reducing the number of underground storage tanks. This decision was made to avoid the anticipated \$20 million costs for upgrades or replacements. To compensate for the loss of fuel sites, the state bid for a cost-competitive fuel card with better security controls and broad spectrum data access than the previous system. Today, the debit card system is still in place and restricted to fuel purchases only. It provides detailed data for fuel monitoring by tracking fuel types, quantities, and daily/monthly amounts based on travel patterns and fuel tank sizes. This system helped the state close the non-emergency fueling sites, avoiding the costs of maintaining tanks and preventing spills and environmental damage. Moreover, awarded fuel card vendors do not charge tax-exempt entities like the State of Delaware for the state's motor fuel taxes. This feature saves the program's opportunity costs by eliminating the need to track, audit, and invoice taxing entities for reimbursement.

Greening Delaware's Fleet

In 1994, the fleet consolidation aimed to comply with the Federal Clean Air Act (CAA) and the Energy Policy Act (EPACT). Fleet Services has been testing and acquiring alternative fuel vehicles since then, including compressed natural gas (CNG), propane (LPG), hybrid vehicles, battery powered electric vehicle to grid (V2G), and flex (dual) fuel vehicles. However, the limited availability of alternative fuel types has been problematic since the operation was centralized, with CNG vendors building limited fueling sites. Meanwhile, LPG vendors could not agree on the price and acceptance of the fuel card, and both fuel types created vehicle technical problems when switching back and forth with gasoline.

To comply with CAA and EPACT requirements, the State began purchasing ethanol (E85) capable vehicles, and all gasoline sold in the State has a 10% ethanol content. Delaware now has over 500 credits and has exceeded CAA and EPACT requirements, which the State can use to buy nonqualifying vehicles when needed or sell as a commodity to other covered fleets. The State is now purchasing pure electric, plug-in hybrid electric, and hybrid electric vehicles, with a goal of a 100% electrified fleet by 2040. Additionally, the State aims to reduce fuel consumption by "right-sizing" the fleet in terms of the number of vehicles and purchasing vehicles with significantly increased mile-per-gallon equivalents.

Fleet Link

The Fleet team oversees the Fleet Link program, an employee vanpool initiative that promotes environmental sustainability. Originally managed by Delaware Ride Share, Fleet Services took charge of the program in 1999 to enhance and broaden its reach. At the time of transition, there were 19 vanpools in service, with riders covering the entire cost of owning and running each van. The vehicles varied in age and model year, with mileage exceeding 150,000 and a complicated pricing system based on purchase price and repair expenses. Additionally, the program required vanpools to pay for their own insurance, as it was a non-governmental entity.

Fleet Services' involvement made the program part of the statewide fleet system, allowing program costs to be spread across a much larger organization. This facilitated lower costs for maintenance and repairs, consistent replacement cycles, and insurance coverage under the State's self-insurance plan. Consequently, the program expanded over the years, serving more than 200 state employees using 27 vans in FY2017, providing automated pre-tax payroll deductions, cost-effective transport to and from work, as well as safe and reliable transportation.

Despite the impact of COVID-19, which necessitated remote work and virtual meetings, ten vans continue to operate, serving 71 riders.

Future Initiatives and Operational Improvements

Fleet Services aims to maintain a vehicle fleet with an average age of 3.5 years. This not only helps to avoid expensive repairs caused by aging vehicles but also enables the integration of new vehicle technologies at a faster pace. These include more efficient fuel consumption, cleaner engines, and reduced emissions. It also ensures the fleet is equipped with the latest standard safety features earlier in its lifecycle. Although quantifying the financial impact of these intangible benefits may be

challenging, they enhance the department's reputation and improve customers' perception of the state's equipment.

For the past fourteen years, Fleet Services has been a highly successful Top 100 Public Fleet program and has also earned recognition as a Top Green Fleet. The team at Fleet Services operates with a culture of quality principles, which means we are constantly searching for new technologies, streamlined processes, and cost efficiencies. Our team has fully embraced these principles, which has led to our success and recognition for meeting our agency's mission for our citizenry clientele.

References/Resources

Fleet Services:

- <https://gss.omb.delaware.gov/fleet/>

Fleet Link:

- <https://gss.omb.delaware.gov/fleet/fleet-link>

Contracts:

- <https://contracts.delaware.gov>