

FLEET EFFICIENCY STUDY

MERCURY
FLEET MANAGEMENT CONSULTING

RANDY OWEN



**PRESENTATION TO CITY
COUNCIL
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BACKGROUND

- ◆ **THIS STUDY IS A FOLLOW-UP TO THE FLEET MAINTENANCE MANAGED COMPETITION**
- ◆ **MAJOR STUDY OBJECTIVES WERE:**
 - **REVIEW THE COMPETITIVENESS OF *VES* AND DETERMINE IF A SECOND MANAGED COMPETITION WOULD YIELD ANY BENEFITS TO THE CITY**
 - **CONDUCT A BEST PRACTICES ASSESSMENT AND PROVIDE *VES* WITH RECOMMENDATIONS FOR IMPROVING FLEET OPERATIONS**



COMPETITIVENESS ASSESSMENT

- ◆ ***VES* IS PROVIDING ITS CUSTOMERS WITH A COMPETITIVE LEVEL OF SERVICES.**
- ◆ ***VES* IS PROVIDING ITS CUSTOMERS WITH COMPETITIVE PRICES.**
- ◆ **A SECOND MANAGED COMPETITION WOULD NOT PROVIDE THE CITY WITH LOWER FLEET MAINTENANCE COSTS.**
- ◆ **CONSEQUENTLY, WE DO NOT BELIEVE THAT THE TIME AND EXPENSE INVOLVED IN CONDUCTING ANOTHER MANAGED COMPETITION IS WARRANTED.**



BEST PRACTICES ASSESSMENT

- ◆ **REVIEW OF EXTENT TO WHICH *VES* FOLLOWS INDUSTRY RECOGNIZED BEST BUSINESS PRACTICES AND PROCESS.**
- ◆ **REVIEW COVERED A WIDE RANGE OF ACTIVITIES FROM FINANCIAL MANAGEMENT TO MAINTENANCE.**
- ◆ **SUMMARY OF SIGNIFICANT RECOMMENDATIONS FOLLOWS.**



ORGANIZATION

- ◆ **ORGANIZATIONAL CENTRALIZATION FOR FLEET MANAGEMENT PROGRAMS IS A CLEAR BEST PRACTICE AND THE CITY SHOULD REVISIT THE RATIONALE FOR HAVING A SEPARATE FIRE FLEET MAINTENANCE ORGANIZATION.**
- ◆ **ADDING AN ADMINISTRATIVE POSITION TO VES WOULD PROVIDE THE FOLLOWING BENEFITS:**
 - **ALLOW THE DIVISION ADMINISTRATOR TO INCREASE HIS INVOLVEMENT IN MAINTENANCE ISSUES;**
 - **PROVIDE INCREASED OVERSIGHT OF PARTS OPERATIONS; AND**
 - **PROVIDE INCREASED FOCUS ON IDENTIFICATION OF OPPORTUNITIES FOR WARRANTY REIMBURSEMENTS.**



ORGANIZATION

- ◆ **GROWTH IN THE SIZE OF THE CITY'S FLEET HAS REACHED A LEVEL WHERE *VES* REQUIRES AN ADDITIONAL MECHANIC POSITION. ADDING THIS POSITION WILL ALLOW *VES* TO REDUCE SUBCONTRACTING COSTS AND TO IMPROVE CUSTOMER SERVICE.**



FINANCIAL MANAGEMENT

- ◆ **THE CITY SHOULD INCLUDE ALL FLEET COSTS WITHIN THE FLEET ISF AND *VES*' BUDGET. CUSTOMER DEPARTMENT BUDGETS SHOULD INCLUDE A LINE ITEM FOR FLEET OPERATING CHARGES AND ANOTHER FOR FLEET CAPITAL (I.E. REPLACEMENT VEHICLE) CHARGES.**
- ◆ **THE CITY SHOULD RECALCULATE FLEET OPERATING CHARGE-BACK RATES AND IMPLEMENT THE IMPROVED RATE CALCULATION METHODOLOGY INCLUDED IN THE RATE MODEL PROVIDED TO *VES*.**



FLEET REPLACEMENT PRACTICES

- ◆ **THE CITY SHOULD REVISE ITS LONG-RANGE FLEET REPLACEMENT PLAN AND OPTIMIZE THE FUND BALANCE IN THE VEHICLE AMORTIZATION FUND SO THAT WORKING CAPITAL (CASH) REQUIREMENTS IN THE FUND ARE KEPT TO A MINIMUM.**
- ◆ **THIS CHANGE WOULD LIKELY ALLOW THE CITY TO REALLOCATE MONEY FROM THE AMORTIZATION FUND TO OTHER PURPOSES.**



CONCLUSIONS

- ◆ **VES IS A WELL MANAGED AND HIGH PERFORMING FLEET MANAGEMENT ORGANIZATION**
- ◆ **WE SEE NO BENEFITS FOR THE CITY IN HOLDING A SECOND COMPETITION**
- ◆ **WE HAVE PROVIDED VES WITH A NUMBER OF RECOMMENDATIONS THAT WILL HELP THEM FURTHER OPTIMIZE THEIR OPERATIONS**

