



2018 STATE OF MICHIGAN FLEET PLAN

Required by Section 813(3) of Act 268 of 2016

Prepared for
Senate Appropriations Subcommittee on
General Government
House Appropriations Subcommittee on
General Government
Senate Fiscal Agency
House Fiscal Agency

Department of Technology, Management & Budget
Office of Support Services, Vehicle and Travel Services
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EXECUTIVE SUMMARY

Section 813(3) of Public Act 268 of 2016 requires the Department of Technology, Management & Budget (DTMB) to submit a fleet plan to the legislature within 60 days of the end of the fiscal year.

This report summarizes information at the statewide level, including a fleet inventory as of September 30, 2017 and actions taken to maximize the value of state fleet operations. The Department of Technology, Management & Budget will continue to work with the legislature to meet the mutual goals of efficiently managing the statewide fleet and controlling expenditures.

Additional information regarding fleet operations is available from the Department. Please contact Sherri Irwin, Director, Fleet Operations with specific information requests.

OVERVIEW

Section 813(3) of Public Act 268 of 2016 requires the Department of Technology, Management & Budget (DTMB) to submit a fleet plan to the legislature:

(3) Pursuant to the department of technology, management, and budget's authority under sections 213 and 215 of the management and budget act, 1984 PA 431, MCL 18.1213 and 18.1215, the department shall maintain a plan regarding the operation of the motor vehicle fleet. The plan shall include the number of vehicles assigned to, or authorized for use by, state departments and agencies, efforts to reduce travel expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall include a calculation of the amount of state motor vehicle fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes. The plan shall include a description of fleet garage operations, the goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage. The plan may be adjusted during the fiscal year based on needs and cost savings to achieve the maximum value and efficiency from the state motor fleet. Within 60 days after the close of the fiscal year, the department shall provide a report to the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director detailing the current plan and changes made to the plan during the fiscal year.

Under sections 213 and 215 of the Management and Budget Act (P.A. 431 of 1984 as amended), DTMB is authorized to issue directives relative to all motor vehicles except for those motor vehicles under the jurisdiction of the Michigan Department of Transportation (MDOT). DTMB provides these centralized services to state agencies through its organizational unit, Vehicle and Travel Services (VTS). MDOT leases some passenger vehicles and work trucks through VTS; however, it maintains its own agency-owned fleet and garage operations. Information on MDOT's garage operations is not included due to MDOT's separate legislative authorization for these services.

This report summarizes information at the statewide level. The Department of Technology, Management & Budget will continue to work with the legislature to meet the mutual goals of efficiently managing the statewide fleet and controlling expenditures.

FLEET INVENTORY

FLEET DEFINITIONS

P.A. 431 of 1984 defines the fleet in Section 213(1)(b): "motor vehicle" means a passenger vehicle, van, minibus, truck, tractor, or other motorized vehicle.

Appendix A provides a summary of the leased and agency-owned vehicles and equipment reported as of September 30, 2017. Vehicles are leased through the State's leasing vendor or purchased with state funds. Vehicles are also leased to colleges and universities at their request. Two hundred twenty-seven (227) vehicles leased by five universities are included in the total fleet inventory.

Data has been organized by national fleet classifications defined by the National Association of Fleet Administrators (NAFA). These classifications include on-road and off-road vehicles, non-self-propelled equipment, and heavy equipment. Using the broadest definition of “motorized vehicles”, the total state fleet includes 13,805 vehicles and units of equipment broken down to 8,598 leased vehicles (managed by VTS) and 5,207 agency-owned vehicles and heavy equipment.

Vehicles are classified as follows:

On road vehicles	8,258
Off road vehicles	298
Non-self-propelled equipment	<u>42</u>
Leased Total	8,598
Agency-Owned Total	<u>5,207</u>
Grand Total	13,805

FLEET MANAGEMENT

Between September 30, 2016 and September 30, 2017, the leased fleet size increased by 370 vehicles.

Growth has continued, in large part, as the result of an increasingly mobile workforce enabled by technology. Department of Health and Human Services (DHHS) case workers now travel to their clients, rather than making clients come to an office, putting more employees in the field. The Department of Licensing and Regulatory Affairs (LARA) continued expanding its programs and assigning employees receiving high mileage reimbursement to state fleet vehicles at a lower cost. The Michigan State Police (MSP) strategy of regional policing required additional patrol vehicles, and patrol vehicles were added to accommodate the graduates from trooper and motor carrier recruit schools. The Michigan Department of Transportation (MDOT) replaced over four dozen of its agency owned vehicles with leased fleet vehicles.

INFORMATION SHARING WITH DEPARTMENTS

To assist departments in managing their fleet needs, DTMB VTS meets quarterly with each department’s fleet coordinator and provides a detailed report which includes high and low mileage vehicles, vehicle order status, motor pool usage, accidents, personal mileage reimbursement, and maintenance reports. Using this data, VTS and the department’s fleet coordinator are able to identify mileage patterns and vehicle usage to help determine if vehicles are fully utilized. The review also focuses on excessive maintenance costs and personal mileage reimbursement that could be reduced by use of a fleet vehicle.

MOTOR POOL OPERATIONS

DTMB VTS maintains central pools to meet the needs of state employees requiring vehicles for short-term trips of 14 days or less. These are located in Detroit, Escanaba,

Flint, Grand Rapids, Lansing, the State Secondary Complex and Traverse City. DTMB VTS motor pool size and usage is monitored monthly to ensure efficient utilization.

Three hundred twenty-eight (328) vehicles are maintained in the VTS motor pools. Data on motor pool usage is provided below:

Motor Pool Location	Number of Trips (FY2017)	Miles Driven (FY2017)
Detroit	8,143	924,188
Downtown Lansing	8,415	2,083,453
Escanaba	1,897	170,677
Flint	15,621	885,285
Grand Rapids	2,855	329,104
State Secondary Complex	1,983	547,356
Traverse City	3,526	291,175

Departments are encouraged to establish motor pools to facilitate sharing of assigned vehicles within their own departments.

PERSONAL VEHICLE USAGE

When in the best interest of the state, an employee may use a personal vehicle as an alternative to a state-owned vehicle. The employee reimbursement for premium mileage is the IRS standard mileage rate in effect during the fiscal year; in FY17 the rate was \$0.535 per mile. The average per mile cost of a midsize state vehicle is used to set the standard mileage reimbursement rate. The FY2017 standard mileage reimbursement rate was \$0.36 per mile.

The FY2017 cost of personal mileage reimbursement for executive branch agencies was \$7,222,975, representing 15,945,448 miles traveled and a \$248,716 increase from FY2016. The bulk of this increase was in standard mileage reimbursement where reimbursement increased 11.8% and miles traveled increased by 19.6%. Vehicle consultants regularly provide data to the departments identifying when it may be more economical to assign a state vehicle to an employee than to pay reimbursement.

ESTABLISHMENT OF VEHICLE TYPE TO MATCH JOB REQUIREMENT

A key to reducing costs is the alignment of the type of vehicle needed with the actual job performed. Departments are asked not to identify specific desired makes and models but to define the functional need to be met by an assigned vehicle. An in-depth analysis of job specifications is completed which allows vehicle assignment based on these defined functional needs rather than vehicle models. DTMB VTS and the agency identify the most cost-effective solution.

TOTAL COST OF VEHICLE OWNERSHIP

Vehicle selections are made based on manufacturers' ordering cycles, availability of appropriate models from manufacturers, and total cost of ownership. The total cost of

ownership over the life of the vehicle is calculated based on the vehicle acquisition cost, maintenance costs, expected mileage and fuel costs, and projected resale value.

DRIVER ACCOUNTABILITY

DTMB VTS conveys its expectations related to vehicle use through driver agreements, email communications, and the department vehicle coordinators. Driver agreements outline the responsibilities of drivers who use state vehicles and equipment and are required to be signed by each driver and maintained in their personnel file.

ALTERNATIVES TO TRAVEL

DTMB VTS continues to work with departments to identify and encourage alternatives to travel for meetings and training. DTMB conferencing and collaboration tools allow employees to work together in real time without face-to-face interactions, reducing travel costs. Current statewide conferencing and collaboration tools include audio conferencing, web conferencing, video conferencing, and streaming media.

FUEL

ALTERNATIVE FUEL

The State currently has 5,917 flex fuel vehicles, capable of operating on either unleaded gasoline or E85 (85% ethanol, 15% gasoline). This is an increase of 331 vehicles from 2016. In FY2017, the State purchased 22,129 gallons of E85 for the leased fleet as compared to 25,417 gallons in FY2016. Total usage may be understated because of inaccurate reporting by retail fuel sites and limited product availability statewide. Efforts to promote awareness of E85 continue, although pricing has not been competitive. According to the U.S. Department of Energy, 246 commercial fueling sites in Michigan currently sell E85.

In FY2017, approximately 10,021 gallons of B20 (20% biodiesel, 80% diesel) fuel were purchased for use in the state fleet from the bulk fueling location at VTS's State Secondary Complex location compared to 21,387 gallons in FY2016. Data is unavailable for purchases at retail outlets due to merchant reporting inconsistencies.

Federal Energy Policy Act legislation requires that 75% of the State's non-law enforcement, light duty vehicle fleet is comprised of flex fuel vehicles and that alternative fuels are utilized when they are reasonably available and reasonably priced. Credits for use of biodiesel may be combined with vehicle purchases to meet federal requirements. The State has complied with federal requirements in FY2017 and anticipates it will meet these targets again in FY2018.

FUEL CONSUMPTION

In FY2017, the State's leased fleet utilized 6,811,410 gallons of fuel, traveling 120,369,877 miles. Retail fuel prices averaged \$2.45 per gallon, compared to \$2.47 per gallon in FY2016.

In developing the FY2018 budget, VTS utilized federal Energy Information Agency (EIA) data as of July 2017 to estimate average retail fuel prices by quarter. For FY2018, the EIA estimated the annual average retail price per gallon will range from \$2.35 to \$2.53 per gallon. The FY2018 budget assumes the leased fleet will travel 122 million miles with total fuel costs estimated at approximately \$14.3 million.

FUEL TAXES

Utilizing a fuel card provider, the State is able to purchase fuel exempt from federal excise taxes and state taxes. In FY2017, the State saved a total of \$2,669,377 on its purchases: \$996,877 in federal taxes, \$377,350 in state sales taxes, and \$1,295,150 in state excise taxes.

FLEET GARAGE OPERATIONS

DTMB VTS maintains one fleet garage at the State’s Secondary Complex in Dimondale. The garage is staffed by 23 full-time employees and is supplemented, when needed, by temporary employees. This report does not include information related to the MDOT garages as that information is maintained by MDOT.

GARAGE SERVICES

The VTS garage is authorized by the automotive manufacturers as a new car prep center. In addition, the garage provides full maintenance and repair services except for engine and transmission overhauls and body repairs. VTS mechanics are ASE- (Automotive Service Excellence) or state-certified. The garage maintains a parts department, including tires, push bars, lights and other specialized equipment needed by the Michigan State Police and Department of Natural Resources law enforcement. Many of these parts are not readily available at retail service centers, and the state is able to purchase parts at a sizeable discount from retail. Core services provided by the VTS garage include new car vehicle prep, maintenance of MSP precision driving unit vehicles, and management of vehicle resale and disposal functions. VTS garage personnel in Lansing also manage the state’s seven motor pool locations.

In FY2017, the garage provided the following services:

Type of Service	Count of Jobs
Preventive Maintenance	1,947
Tires	3,681
Brakes	1,883
Body and Glass	1,841
Miscellaneous Repairs	4,749
Assignments/Terminations/Disposals	13,098
Parts Repair/Parts Distribution	21
Towing Service and Transport	249
TOTAL	27,469

GARAGE EXPENDITURES

In FY2017, VTS garage expenditures were \$4.15 million.

ADDITIONAL INFORMATION

Additional information is available by contacting:

Sherri Irwin
Director, Fleet Operations
Office of Support Services
517-636-5600

APPENDIX A

LEASED AND AGENCY – OWNED COMBINED INVENTORY SUMMARY SEPTEMBER 30, 2017

Vehicle Class	Group	Total
On Road	Automobile	3,817
	Bus	17
	Cycles	26
	Light Vehicles	3
	Pickups	1,558
	Sport Utility	1,297
	Straight Trucks	285
	Truck Tractors	29
	Van	1,226
On Road Total		8,258
Off Road	Grounds	18
	Light Vehicles	220
	Material Handling	27
	Public Works	11
	Tracked	7
	Wheeled	15
Off Road Total		298
Non-Self Propelled	Semi-Trailer	3
	Trailer	39
Non-Self-Propelled Total		42
Leased Total		8,598
Agency-Owned Total		5,207
Grand Total		13,805

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2017

STATE LEASED FLEET BY DEPARTMENT

Agency	Group	Total
Agriculture	Automobile - Coupes, Sedans	147
	Heavy Duty Trucks, Semi Tractors	2
	Pickup - Compact - 1 Ton	43
	Straight Trucks - Service, Delivery, Tow Trucks	3
	SUV - Compact - 1 Ton	18
	Trailer	1
	Van - Compact - 1 Ton	21
Agriculture Total		235
Attorney General	Automobile - Coupes, Sedans	26
	SUV - Compact - 1 Ton	15
Attorney General Total		41
Auditor General	Automobile - Coupes, Sedans	1
Auditor General Total		1
Civil Rights	Automobile - Coupes, Sedans	5
Civil Rights Total		5
Civil Service	Automobile - Coupes, Sedans	1
Civil Service Total		1
Corrections	ATVs, Elec Carts, Snowmobile	201
	Automobile - Coupes, Sedans	178
	Bus	11
	Fork Lifts, Man Lifts	10
	Heavy Duty Trucks, Semi Tractors	14
	Loaders\Graders\Backhoes	6
	Pickup - Compact - 1 Ton	166
	Straight Trucks - Service, Delivery, Tow Trucks	85
	SUV - Compact - 1 Ton	41
	Tractors - Utility & Riding Mowers	3
	Trailer	16
	Van - Compact - 1 Ton	280
Corrections Total		1,011
Eastern Michigan University	Pickup - Compact - 1 Ton	18
	Straight Trucks - Service, Delivery, Tow Trucks	7
	SUV - Compact - 1 Ton	1
	Van - Compact - 1 Ton	28
Eastern Michigan University Total		54
Education	Automobile - Coupes, Sedans	28
	Van - Compact - 1 Ton	5
Education Total		33

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2017

Agency	Group	Total
Environmental Quality	ATVs, Elec Carts, Snowmobile	1
	Automobile - Coupes, Sedans	52
	Dozers, Excavators	2
	Loaders\Graders\Backhoes	1
	Pickup - Compact - 1 Ton	61
	Straight Trucks - Service, Delivery, Tow Trucks	10
	SUV - Compact - 1 Ton	26
	Trailer	3
	Van - Compact - 1 Ton	26
Environmental Quality Total		182
Executive Office	SUV - Compact - 1 Ton	1
Executive Office Total		1
Health & Human Services	ATVs, Elec Carts, Snowmobile	4
	Automobile - Coupes, Sedans	1323
	Bus	2
	Fork Lifts, Man Lifts	3
	Loaders\Graders\Backhoes	2
	Pickup - Compact - 1 Ton	34
	Straight Trucks - Service, Delivery, Tow Trucks	11
	SUV - Compact - 1 Ton	37
	Tractors - Utility & Riding Mowers	9
Van - Compact - 1 Ton	191	
Health & Human Services Total		1,616
House of Representatives	Van - Compact - 1 Ton	1
House of Representatives Total		1
Insurance & Financial Service	Automobile - Coupes, Sedans	33
Insurance & Financial Service Total		33
Judicial	Automobile - Coupes, Sedans	1
Judicial Total		1
Lake Superior State University	Automobile - Coupes, Sedans	8
	Van - Compact - 1 Ton	5
Lake Superior State University Total		13
Legislative Service Bureau	Pickup - Compact - 1 Ton	1
	Van - Compact - 1 Ton	1
Legislative Service Bureau Total		2
Licensing and Regulatory Affairs	Automobile - Coupes, Sedans	373
	Pickup - Compact - 1 Ton	41
	Straight Trucks - Service, Delivery, Tow Trucks	1
	SUV - Compact - 1 Ton	32
	Van - Compact - 1 Ton	80
Licensing and Regulatory Affairs Total		527

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2017

Agency	Group	Total
Lottery	Automobile - Coupes, Sedans	25
	SUV - Compact - 1 Ton	8
	Van - Compact - 1 Ton	62
Lottery Total		95
MI Econ Development Corp	Automobile - Coupes, Sedans	14
	SUV - Compact - 1 Ton	1
	Van - Compact - 1 Ton	2
MI Econ Development Corp Total		17
MI Gaming Control Board	Automobile - Coupes, Sedans	18
	SUV - Compact - 1 Ton	5
	Van - Compact - 1 Ton	2
MI Gaming Control Board Total		25
Michigan State Housing Development Authority	Automobile - Coupes, Sedans	6
	Pickup - Compact - 1 Ton	5
	Van - Compact - 1 Ton	1
Michigan State Housing Development Authority Total		12
Military Affairs	ATVs, Elec Carts, Snowmobile	1
	Automobile - Coupes, Sedans	6
	Bus	3
	Dozers, Excavators	1
	Loaders\Graders\Backhoes	2
	Pickup - Compact - 1 Ton	78
	Straight Trucks - Service, Delivery, Tow Trucks	6
	SUV - Compact - 1 Ton	2
Van - Compact - 1 Ton	26	
Military Affairs Total		125
Natural Resources	ATVs, Elec Carts, Snowmobile	9
	Augers, Trenchers	11
	Automobile - Coupes, Sedans	35
	GEM Electric Vehicle	1
	Heavy Duty Trucks, Semi Tractors	8
	Loaders\Graders\Backhoes	1
	Pickup - Compact - 1 Ton	781
	Straight Trucks - Service, Delivery, Tow Trucks	99
	SUV - Compact - 1 Ton	73
	Tractors - Utility & Riding Mowers	4
	Trailer	9
	Van - Compact - 1 Ton	27
Natural Resources Total		1,058
Northern Michigan University	Automobile - Coupes, Sedans	12
Northern Michigan University Total		12

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2017

Agency	Group	Total
Saginaw Valley State University	Automobile - Coupes, Sedans	9
	Pickup - Compact - 1 Ton	11
	Straight Trucks - Service, Delivery, Tow Trucks	2
	Van - Compact - 1 Ton	38
Saginaw Valley State University Total		60
Senate	Van - Compact - 1 Ton	2
Senate Total		2
State	Automobile - Coupes, Sedans	45
	Pickup - Compact - 1 Ton	1
	Straight Trucks - Service, Delivery, Tow Trucks	4
	SUV - Compact - 1 Ton	2
	Trailer	1
	Van - Compact - 1 Ton	19
State Total		72
State Police	ATVs, Elec Carts, Snowmobile	1
	Automobile - Coupes, Sedans	966
	Bus	1
	Motorcycles	26
	Pickup - Compact - 1 Ton	92
	Straight Trucks - Service, Delivery, Tow Trucks	29
	SUV - Compact - 1 Ton	963
	Trailer	2
	Van - Compact - 1 Ton	146
State Police Total		2,226
Talent and Economic Development	Automobile - Coupes, Sedans	28
	Pickup - Compact - 1 Ton	2
	Straight Trucks - Service, Delivery, Tow Trucks	2
	SUV - Compact - 1 Ton	5
	Van - Compact - 1 Ton	3
Talent and Economic Development Total		40
Technology, Management & Budget	ATVs, Elec Carts, Snowmobile	3
	Automobile - Coupes, Sedans	326
	Dozers, Excavators	4
	Fork Lifts, Man Lifts	13
	GEM Electric Vehicle	2
	Heavy Duty Trucks, Semi Tractors	5
	Loaders\Graders\Backhoes	3
	Pickup - Compact - 1 Ton	68
	Semi Trailer	3
	Straight Trucks - Service, Delivery, Tow Trucks	16
	SUV - Compact - 1 Ton	51
	Tractors - Utility & Riding Mowers	2
	Trailer	7
Van - Compact - 1 Ton	126	
Technology, Management & Budget Total		629

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2017

Agency	Group	Total
Transportation	Automobile - Coupes, Sedans	140
	Fork Lifts, Man Lifts	1
	Pickup - Compact - 1 Ton	135
	Straight Trucks - Service, Delivery, Tow Trucks	1
	Van - Compact - 1 Ton	72
Transportation Total		349
Treasury	Automobile - Coupes, Sedans	8
	Pickup - Compact - 1 Ton	1
	SUV - Compact - 1 Ton	9
	Van - Compact - 1 Ton	13
Treasury Total		31
Wayne State University	Automobile - Coupes, Sedans	3
	Pickup - Compact - 1 Ton	20
	Straight Trucks - Service, Delivery, Tow Trucks	9
	SUV - Compact - 1 Ton	7
	Van - Compact - 1 Ton	49
Wayne State University Total		88
Total		8,598