

# 2018 Benchmarking Survey Report



September 2018



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## **ACKNOWLEDGEMENTS**

This report was produced by Mercury Associates, Inc. under the direction of the NCSFA Executive Committee.

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Additionally, the NCSFA Executive Committee wishes to thank their Executive Director Tommy Morrison for his efforts on this project.

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## INTRODUCTION

### OBJECTIVE

The National Conference of State Fleet Administrators (NCSFA) partnered with Mercury Associates, Inc. to develop and administer a survey of state government and state university<sup>1</sup> fleet management organizations (FMOs). The survey was designed to collect information aimed at understanding current fleet management practices in this “industry.” NCSFA’s primary goals and objectives for the survey were to:

1. Inform and educate its members and other fleet professionals about industry conditions, practices, and trends so that they can improve their fleet management programs;
2. Identify and establish consensus on standards of measurement that are relevant to government fleets;
3. Establish a reference document that will give NCSFA membership the necessary information to leverage with their leadership to improve fleet management programs;
4. Continue to build on NCSFA’s position as a respected source of government fleet management practices and performance measurement information.

### APPROACH

Mercury and NCSFA developed a Web-based questionnaire for gathering a broad array of qualitative and quantitative information about the respondents’ FMOs and the fleets they manage. This questionnaire is appended to this report.

It goes without saying that there are many differences among the survey respondents that may affect the costs and some other quantitative attributes they reported for their fleets. These metrics cannot be normalized for the purpose of comparing the FMOs against one another without knowing quite a bit more about each individual respondent than it was possible to learn in a study of this type. These differences pertain to geographic region and other environmental factors; fleet asset types and ages; maintenance and repair practices; vehicle allocation, utilization, and operating practices; meter reading and maintenance and repair work order data capture practices; and cost accounting and cost charge-back practices, to name a few. Consequently, much of the information collected through the survey aimed to understand industry *practices* associated with, say, identifying and managing fleet costs rather than to simply identify the *values* different respondents report for those costs.

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<sup>1</sup> The term “university” is used generically throughout this report to refer to any type of higher education institution that participated in the survey.



The survey covered the following 10 topic areas, eight of which focused on a specific aspect of fleet management practice:

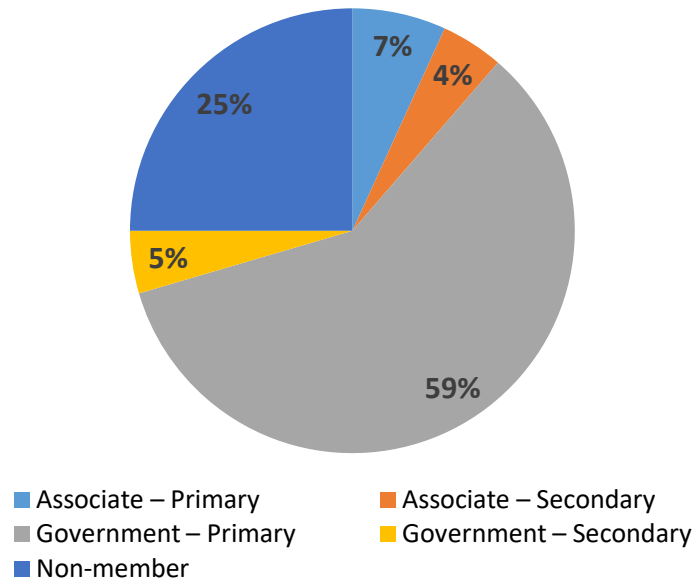
1. Fleet Management Organization Information
2. Asset Allocation and Utilization
3. Asset Acquisition and Disposal
4. Fleet Safety Management
5. Fleet Maintenance and Repair
6. Fleet Fueling
7. Fleet Replacement
8. Fleet Management Information Technology
9. Cost Charge-Back Practices
10. Fleet Industry Trends, Challenges and Opportunities

Forty-four FMOs provided complete responses to the questionnaire, key observations from which are discussed in the remaining sections of this report. A list of these respondents can be found in the appendix. A complete set of survey response data has been provided to NCSFA members in a Microsoft *Excel*<sup>®</sup> file under separate cover.

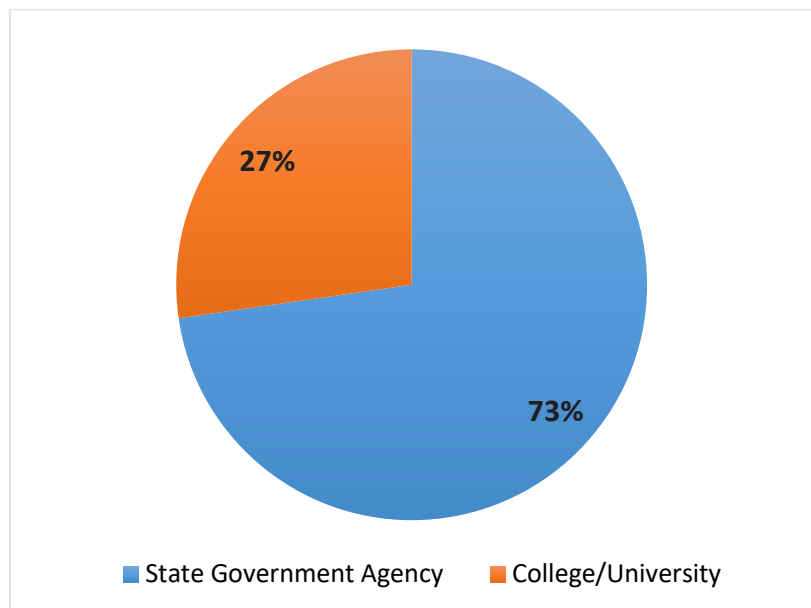
## FLEET MANAGEMENT ORGANIZATION INFORMATION

The figures below show the nature of the responding FMOs that participated in the survey were broken down into two main groups: state government agencies (33) and state universities (11).<sup>2</sup> Figure 1 shows the NCSFA membership status of the respondents.

**Survey Respondents by NCSFA Membership Status**

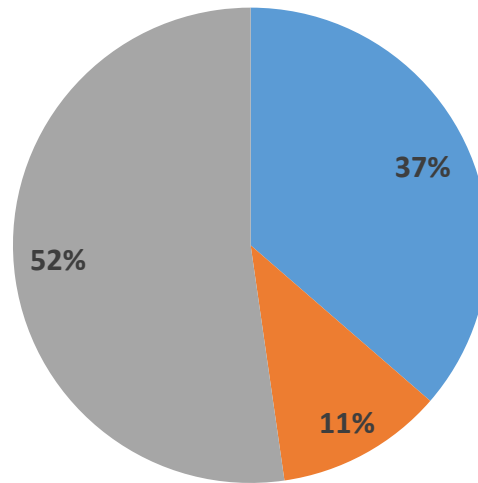


**Fleet Management Organization Type**



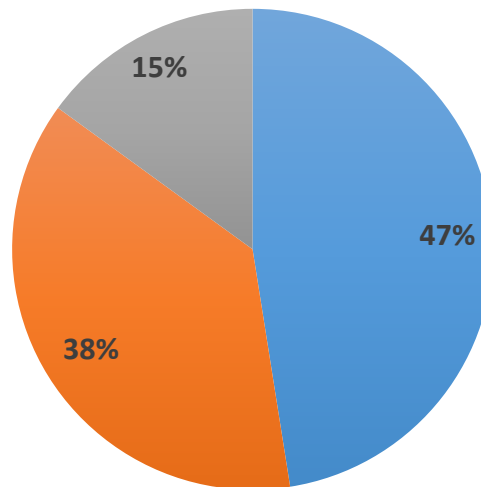
<sup>2</sup> See Appendix for the complete list of FMO respondents

### FMO Scope of Responsibility



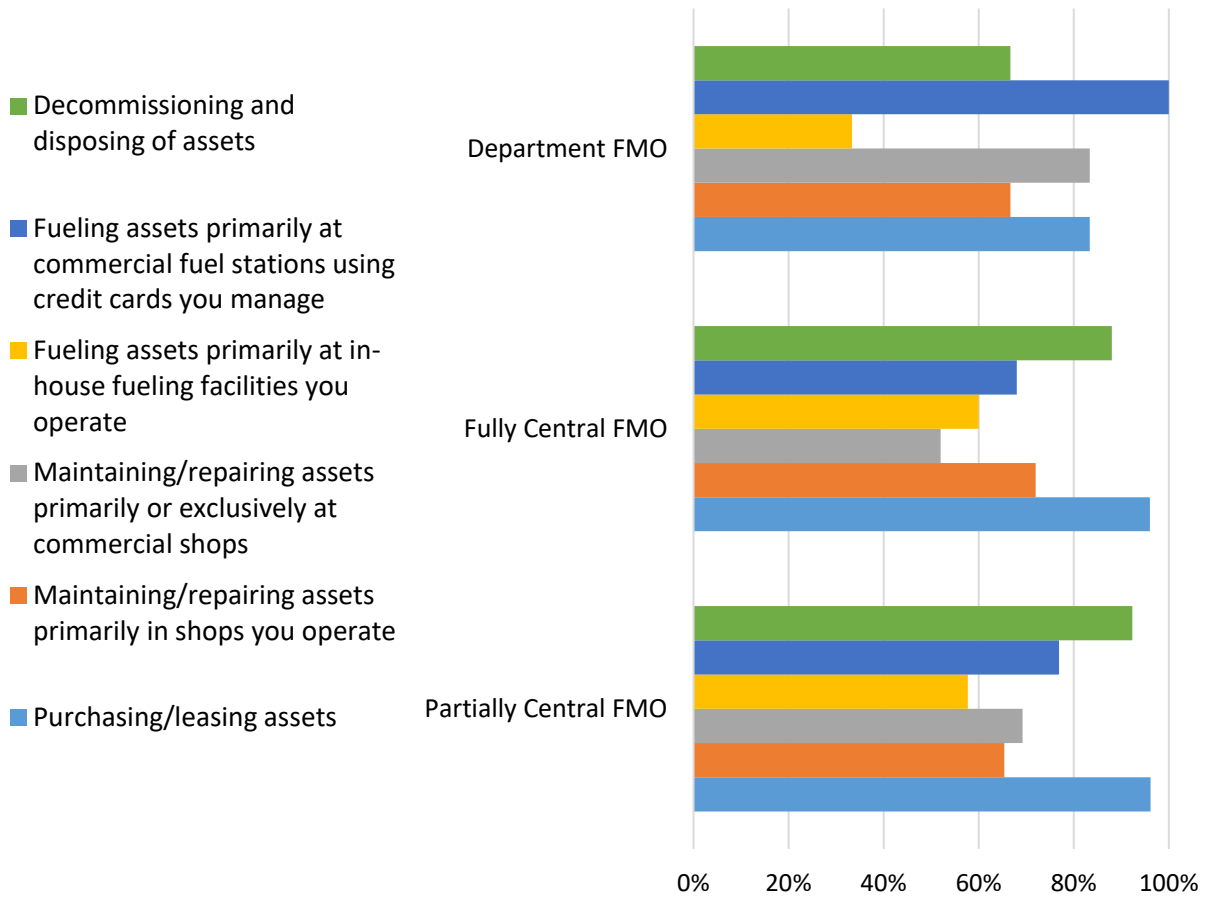
■ Fully Central FMO ■ Departmental FMO ■ Partially Central FMO

### Nature of the Fleet Managed



- Short and/or long-term rental pool vehicles used by multiple departments
- Certain types of fleet assets (e.g., non-law enforcement light-duty vehicles)
- Other

### Activities/Services Performed by FMO Type



### Size of FMO Directly Managed Fleets

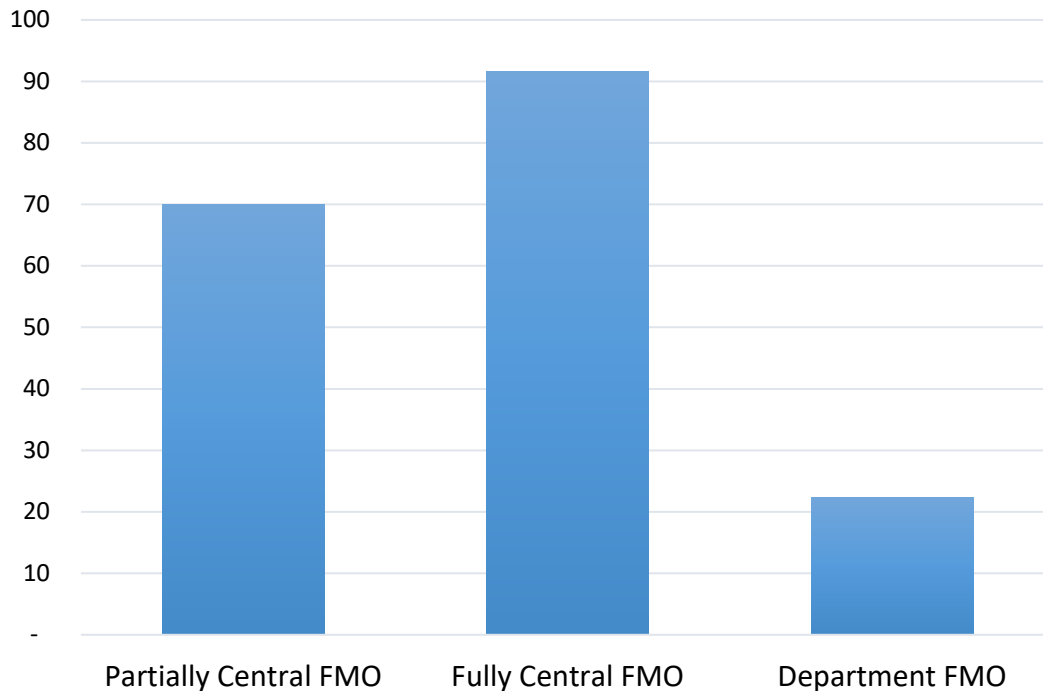
Category	Mean	Min	Max
Number of Assets Managed	4,413	15	25,000
Number of User Orgs Served	82	1	697
Number of In-house Fueling Facilities	21	0	434
Number of In-house Repair Shops	11	0	153



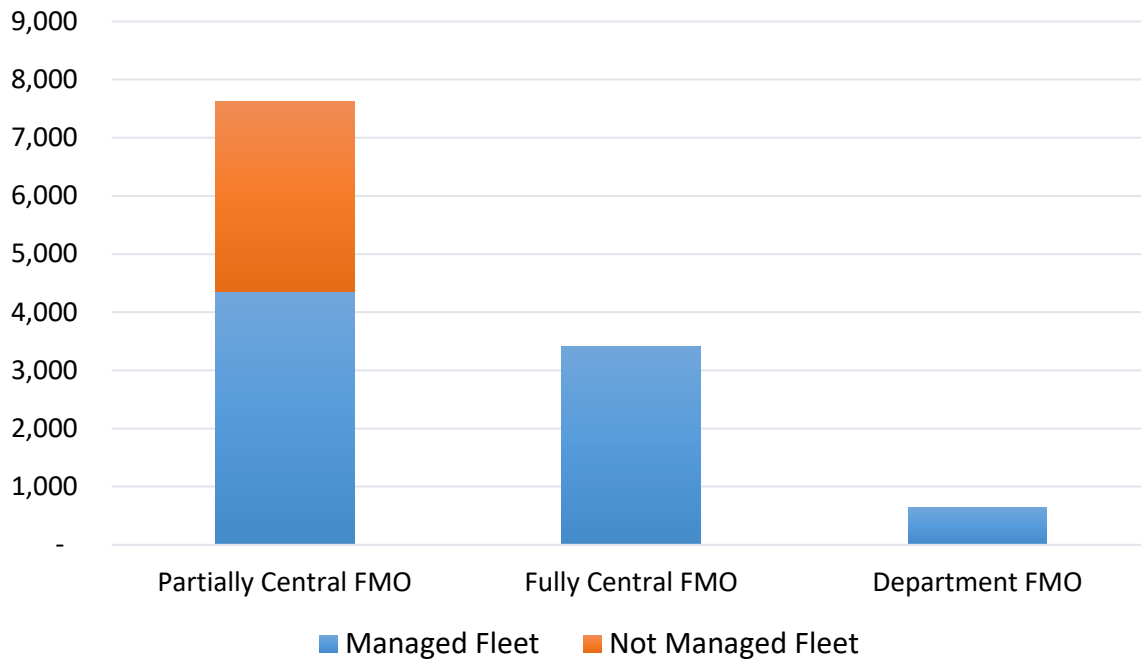
### Size and Composition of Fleets Managed

Asset Type	Mean	Median	Min	Max
Law Enf Sedan	431	29	0	2,820
Non-Law Sedan	1,090	772	2	5,000
Law Enf SUV	268	38	0	1,594
Non-Law SUV	380	197	0	1,965
Class 1-3 LD Truck	846	343	0	6,195
Class 4-6 MD Truck	182	36	0	1,400
Class 7-8 HD Truck	356	15	0	2,508
Small Van	277	166	0	1,404
Large Van	185	69	0	954
Off-Road (Cons/Ag)	437	4	0	4,762
Unlicensed/Attach	506	8	0	8,652

### Average Number of User Organizations Served by FMO Type



### Average Fleet Size by FMO Type

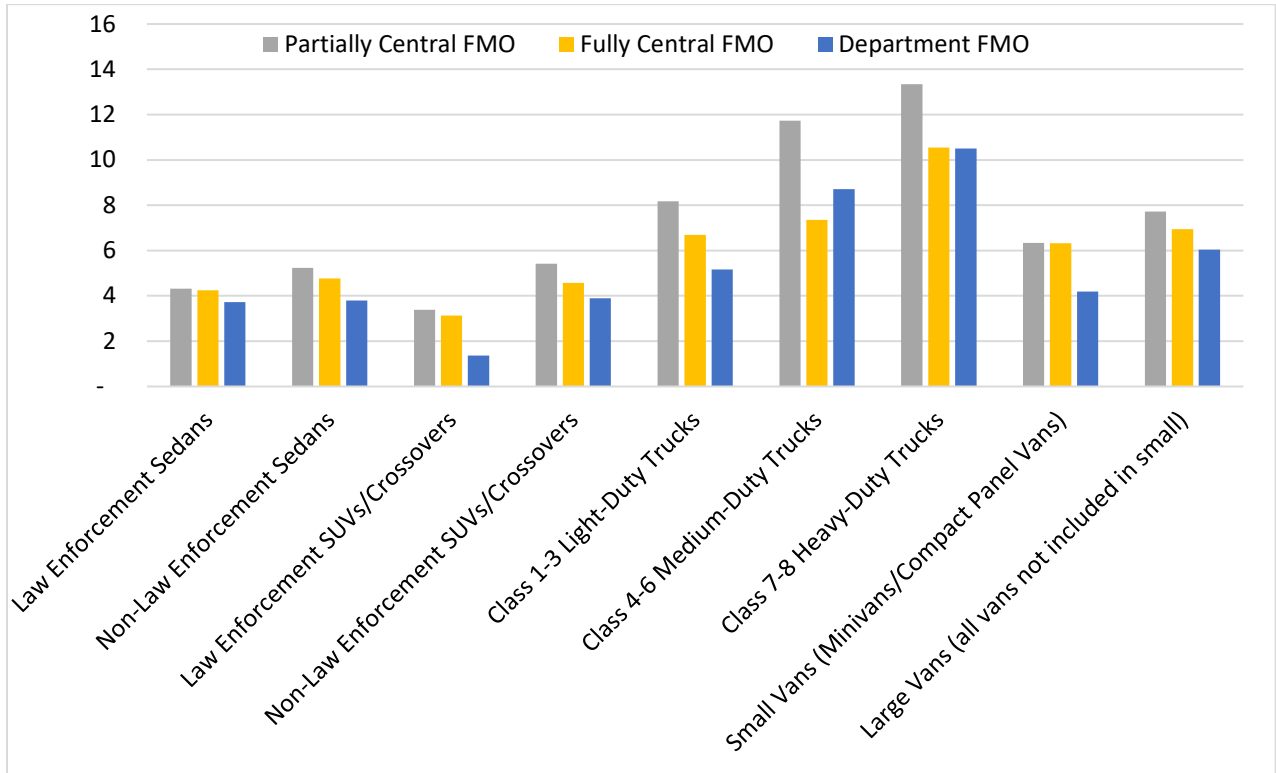


### Vehicle Age and Cost by Type

Asset Type	Mean Age	Avg Meter Reading <sup>3</sup>	Average Purchase Price	Average Annual M&R Cost
Law Enf Sedans	4.3	58,727	\$24,026	\$1,255
Non-Law Sedans	5.2	54,468	\$19,036	\$1,011
Law Enf SUVs	2.9	43,713	\$31,498	\$1,237
Non-Law SUVs	5.1	56,271	\$26,215	\$1,383
Class 1-3 LD Trucks	6.2	79,527	\$26,609	\$967
Class 4-6 MD Trucks	7.7	45,552	\$41,593	\$2,570
Class 7-8 HD Trucks	9.3	61,752	\$93,406	\$4,017
Small Vans	5.4	54,405	\$22,249	\$886
Large Vans	6.0	55,186	\$27,602	\$911
Off-Road (Cons/Ag)	8.0	8,165	\$43,801	\$2,325
Carts/Attachments	5.8	2,225	\$11,201	\$606

<sup>3</sup> Off-Road (Construction and Agriculture) and Unlicensed & Attachments are in hours. All others in miles.

### Average Asset Age (years) by Asset Type



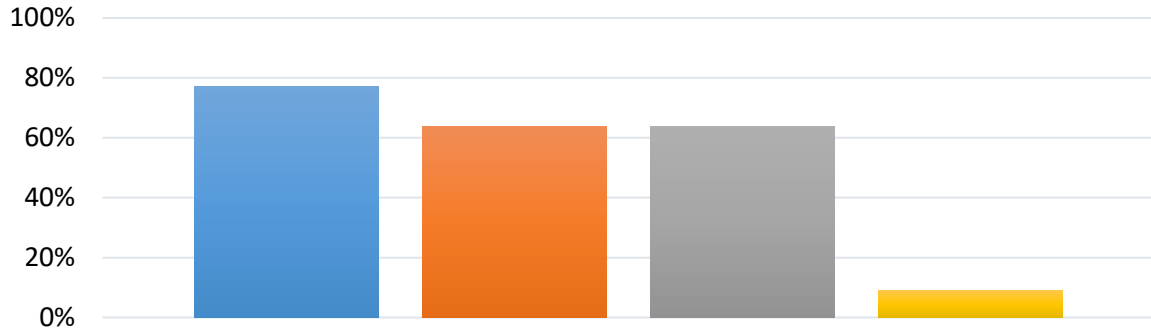
## ASSET ALLOCATION AND UTILIZATION MANAGEMENT PRACTICES

Simply put, the goal of fleet asset allocation and utilization activities is to ensure that a fleet contains the right types and quantities of vehicles and equipment to meet the business needs of its users. Allocation activities should determine the most cost-effective way to meet a particular organizational unit's fleet asset needs: through the provision of an "assigned" unit to a particular employee or organization; through the provision of access to an in-house motor pool; through the use of commercial rental vehicles or equipment; or through the use of a personally owned vehicle. Utilization management activities aim to ensure that assets are properly utilized once they are in the fleet.

### KEY OBSERVATIONS

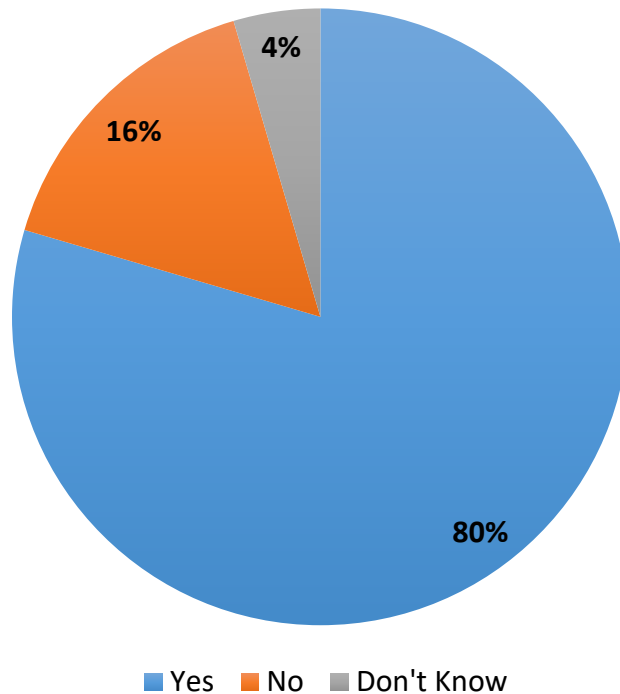
- As expected, many FMOs use multiple techniques to guide asset allocation decisions. However, more than one-third do not consider alternative ways of meeting a fleet user's need for a vehicle such as renting or reimbursement versus owning.
- Most FMOs that employ minimum use standards or guidelines to manage fleet utilization rely on mileage-based thresholds for flagging assets that may be underutilized. The problem with this is that, in many business applications, a vehicle can be used heavily without accumulating a lot of miles.
- While most FMOs have policies and procedures governing the take-home use of vehicles, fewer than half audit such usage to ensure compliance with the policies and procedures, including IRS regulations governing such use.
- Three-quarters of the FMOs operate one or more motor pools to meet the short-term and intermittent vehicles needs of their customers. While the most widely used rental rate is a rate per day, similar to what commercial rental car companies use, several other types of rates also are used, reflecting a lack of agreement in the industry on how best to distribute the costs of such vehicles.
- Half of the survey participants rate their asset allocation and utilization management performance as not better than moderately sound (a rating of 3 or less on a 5-point scale), suggesting that there is substantial room for improvement in this area.

### Asset Allocation Methods Used

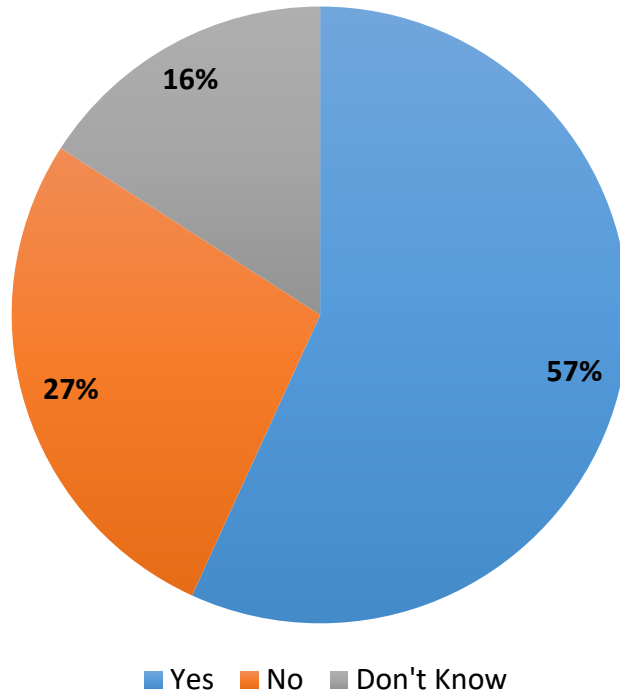


- Explain/justify how an asset will be used
- Consider alternative ways of meeting the need for the asset (e.g. rental, mileage reimbursement)
- Meet a minimum annual utilization (e.g. mileage, trips, etc.) level
- None of the above

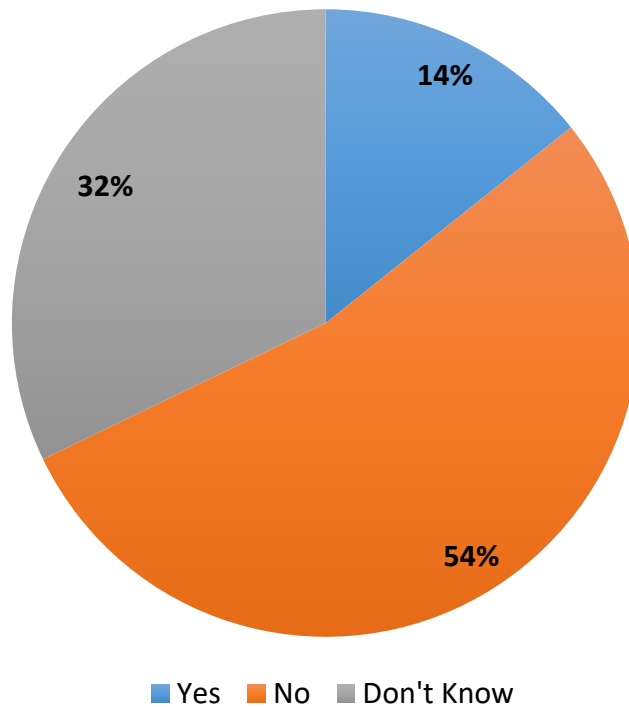
### Have Written Policies Governing Use of Personally Owned Vehicles (POVs)



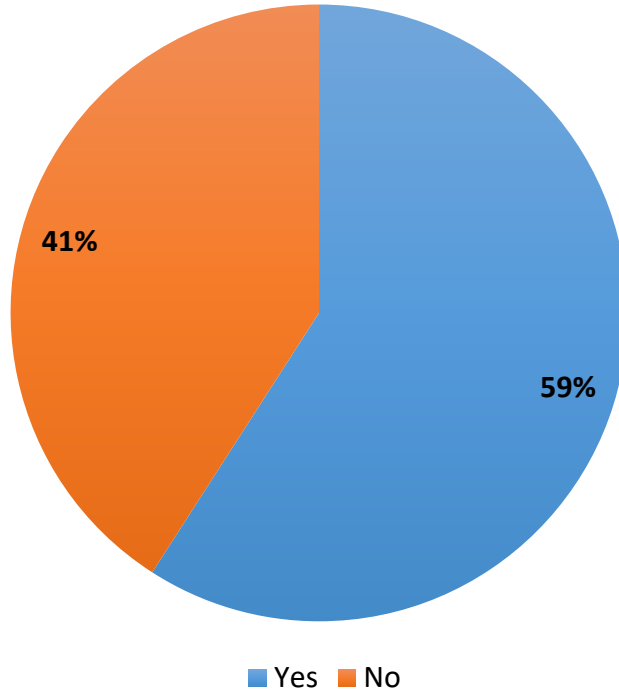
### Require Certain Insurance Coverages for POVs Used for Business



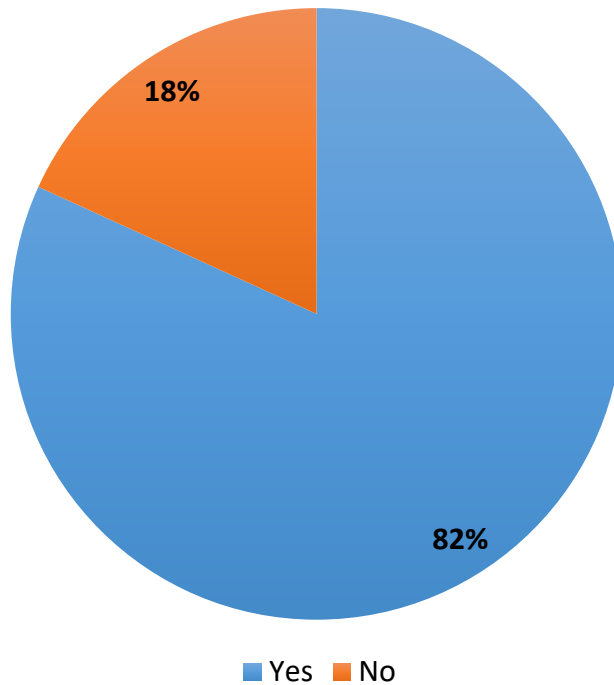
### Require Proof of Proper Insurance Coverage for POVs



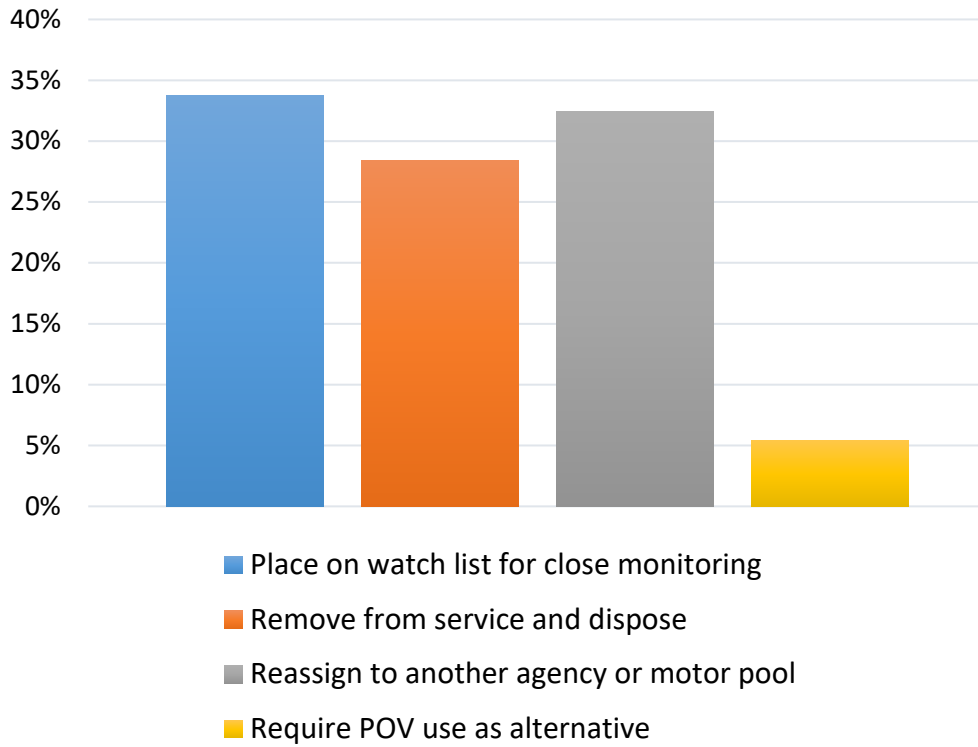
### Employ Minimum Use Standards for Different Asset Types



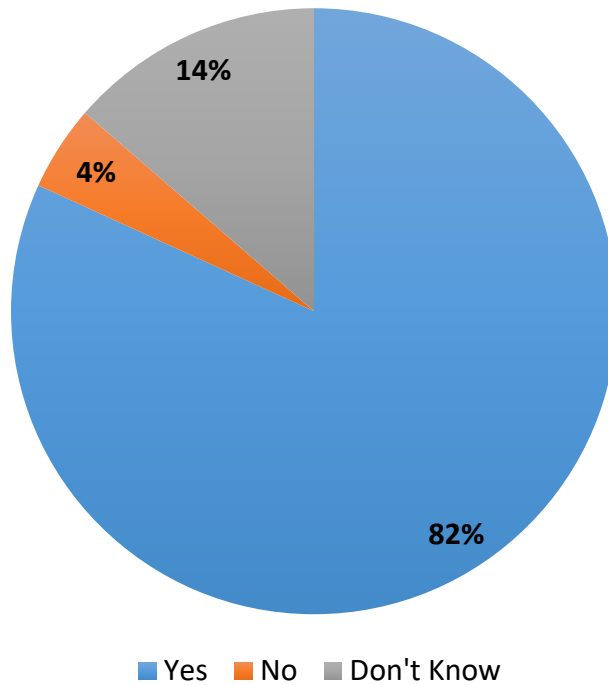
### Track Asset Utilization to Determine if Continued Assignment is Justified



### Consequences of Underutilization of Assets Relative to Standards

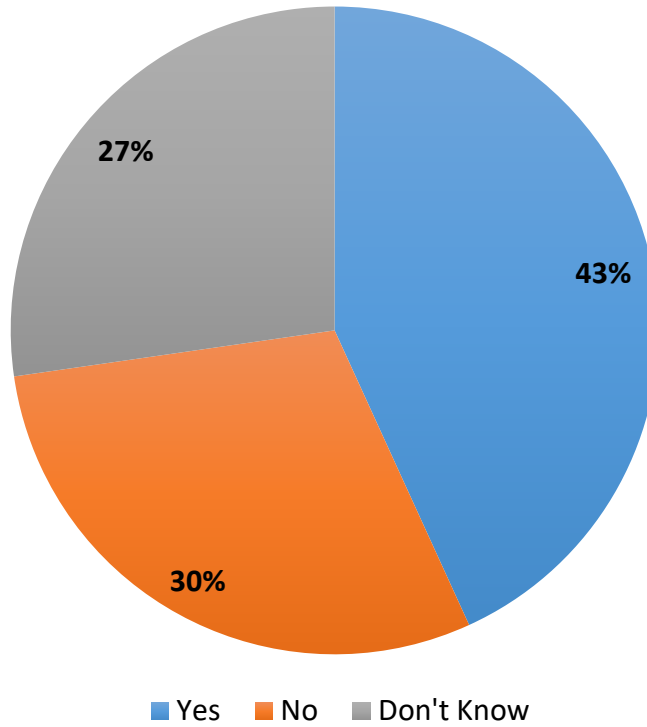


### Have Take-Home Use Policies and Procedures

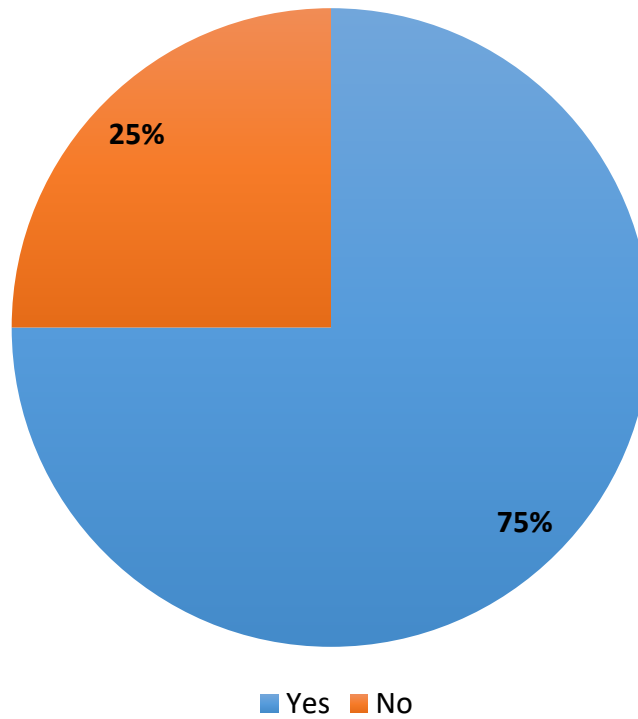




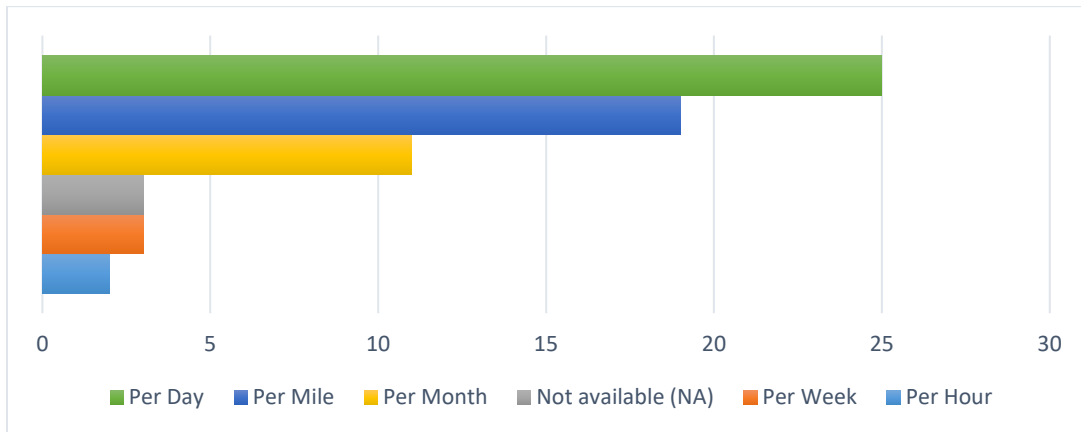
### Audit Take-Home Use for Compliance



### Operate One or More Motor Pools



### Motor Pool Charge-Back Rates



### Self-Assessment of Effectiveness of Asset Allocation and Utilization Management Practices

