

**OFFICE OF FLEET MANAGEMENT  
FISCAL YEAR 2016 BUDGET TESTIMONY  
APRIL 22, 2015**

**EXECUTIVE SUMMARY**

**DEPARTMENT MISSION AND FUNCTION**

**Mission:** To support City departments and agencies in the delivery of municipal services by ensuring that City vehicles and other automotive related equipment and services are available, dependable and safe to operate.

**Description of Major Services:** The Office of Fleet Management (OFM) is a centralized agency responsible for strategic planning, acquisition and maintenance of vehicles and large equipment to support citywide functions. OFM is responsible for the acquisition, assignment and maintenance of approximately 6,316 vehicles and equipment at the lowest long-term cost to Philadelphia taxpayers.

**PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST**

**Budget Highlights:** The FY16 proposed General Fund budget for the Office of Fleet Management is budgeted to increase by 1.3%. The decrease in Class 100 is due to a one-time bonus payment for the District Council 33 contract settlement paid out in FY15. Class 300/400 is budgeted to increase by \$1 million (2.9%), the result of increased vehicle purchasing funding.

Fund	Class	FY14 Actual	FY15 Current Projection	FY16 Proposed Budget	FY16-FY15 Change	FY16-FY15 Percent Change
General	100	15,840,304	16,772,548	16,544,893	(227,655)	-1.4%
	200	9,415,537	9,604,396	9,604,396	0	0.0%
	300/400	37,299,182	34,428,211	35,428,211	1,000,000	2.9%
	Total	62,555,024	60,805,155	61,577,500	772,345	1.3%
	Positions	264	283	287	4	1.4%
Other*	100	3,748,857	4,333,505	4,333,505	0	0.0%
	200	1,988,856	2,077,000	2,077,000	0	0.0%
	300/400	5,890,547	10,567,640	10,567,640	0	0.0%
	Total	11,628,261	16,978,145	16,978,145	0	0.0%
	Positions	67	78	78	0	0.0%
All	100	19,589,162	21,106,053	20,878,398	(227,655)	-1.1%
	200	11,404,393	11,681,396	11,681,396	0	0.0%
	300/400	43,189,730	44,995,851	45,995,851	1,000,000	2.2%
	Total	74,183,284	77,783,300	78,555,645	772,345	1.0%
	Positions	331	361	365	4	1.1%

\* Other Funds includes: County Liquid Fuels Tax Fund, Special Gasoline Tax Fund, Healthchoices Behavioral Health Fund, Hotel Room Rental Tax Fund, Grants Revenue Fund, Community Development Fund, Car Rental Tax Fund, Housing Trust Fund, Water Fund, Water Residual Fund, Aviation Fund, and Acute Care Hospital Assessment Fund.

**Staff Demographics Summary (as of December 2014)**

	Total	Minority	White	Female
Full-Time Staff	341	140	201	19
Executive Staff	3	1	2	0
Average Salary - Executive Staff	\$110,745	\$106,605	\$112,815	\$0
Median Salary - Executive Staff	\$106,605	\$106,605	\$112,815	\$0

**Employment Levels (as of December 2014)**

	Budgeted	Filled
Full-Time Positions	365	341
Part-Time Positions	0	0
Executive Positions	3	3

**Contracts Summary (\*as of December 2014)**

	FY10	FY11	FY12	FY13	FY14	FY15*
Total amount of contracts	\$536,492	\$4,338,791	\$5,317,580	\$2,304,471	\$4,385,377	\$5,064,794
Total amount to M/W/DBE	\$42,449	\$1,525,277	\$93,742	\$63,679	\$65,606	\$7,736
Participation Rate	7.91%	35.15%	1.76%	2.76%	1.50%	0.15%

## PERFORMANCE, CHALLENGES AND INITIATIVES

### DEPARTMENT PERFORMANCE (OPERATIONS)

Availability of City-owned vehicles was 91.4% in the first half of FY15 which is slightly below the year-end FY14 level (92.4%). This 1% variance is due to the normal vehicle acquisition and relinquishment cycles. Among public safety vehicles, radio patrol car availability increased by 0.7% from FY13 to FY14 while medic unit availability decreased by 1.8% and street compactors by 1.5%. The declines were mainly due to aged vehicles and lack of adequate new vehicle replacements in previous years. To address this issue, funds were added in FY15 through the capital budget to purchase additional vehicles. These vehicles will be available for service in FY16 and OFM is targeting vehicle availability at 90% for FY16. From FY14 to FY15 year-to-date, the median age of the General Fund vehicles remained at nine years and Water Fund vehicles remained at ten years due to the new vehicle acquisition. The median age of Aviation Fund vehicles increased from ten years in FY14 to 11 years in FY15 due to the low level of new vehicle purchases. OFM is responsible for vehicle repairs, and in FY08, OFM repaired 72% of vehicles in 1 day or less. This performance rate dropped to 68.7% in FY14 and further reduced to 67% during the first half of FY15, mainly due to the increased number of repairs in older vehicles and equipment. Significant additional funds were added to OFM's budget purchase more vehicles in FY16 which should increase availability over the course of the five year plan.

Performance Measure	FY08	FY13	FY14	FY14- FY13 Change	FY14 Q1-Q2	FY15 Q1-Q2	FY15- FY14 Q1-Q2 Change	FY15 Goal	FY16 Goal
Fleet availability - citywide	89.0%	93.0%	92.4%	-0.6%	92.5%	91.4%	-1.2%	90.0%	90.0%
Radio patrol car availability	90.0%	88.0%	88.6%	0.7%	88.5%	87.1%	-1.6%	90.0%	90.0%
Medic units availability	88.0%	87.0%	85.5%	-1.8%	85.5%	83.4%	-2.5%	90.0%	90.0%
Compactors availability	80.0%	79.0%	77.9%	-1.5%	78.0%	74.4%	-4.7%	90.0%	90.0%
Median Age of Vehicle: General Fund	8.0	9.0	9.0	0.0%	9.0	9.0	0.0%	8.0	8.0
Median Age of Vehicle: Water Fund	6.0	9.0	9.8	8.3%	10.0	10.0	0.0%	8.0	8.0
Median Age of Vehicle: Aviation Fund	8.0	11.0	10.0	-9.1%	10.0	11.0	10.0%	8.0	8.0
Percent of vehicles repaired in 1 day or less	72.0%	69.0%	68.7%	-0.4%	68.9%	67.1%	-2.7%	70.0%	70.0%

### DEPARTMENT CHALLENGES

- **Vehicle Acquisition Funding and Replacement Schedule:** The combined proposed Operating and Capital budget for vehicle purchase is \$25.4 million in FY16 (\$15 million in the proposed Capital budget and \$10.4 million in the proposed Operating budget) which is a significant increase from FY14 when a total of \$8 million was budgeted in the Operating and Capital budgets. These initiatives will help the OFM acquire much needed public health and safety vehicles, which will enable OFM to reduce the aging fleet and help the departments perform their daily operations in a safe and efficient manner.
- **Manpower Allotment:** Hiring and retaining qualified automotive technicians is a challenge to OFM due to lack of qualified technicians and competitive wages in other industries. In FY12, OFM reinstated the high school internship program to promote automotive trade careers. OFM is also working with Central Personnel to review the prevailing industry standard automotive trade wages to address the wage issues.
- **Employee Training Facility:** Employee training and development was one of the areas which challenged OFM in the past. In FY14, with the help of capital funding, OFM was able to establish an in house training center which is now using for the technical, safety and career development training for the employees.

### ACCOMPLISHMENTS & INITIATIVES

**Optimal Vehicle Replacement Strategy through Capital Projects:** OFM's strategy is to replace aged and inefficient vehicles and equipment with technologically advanced and more fuel efficient options. In March 2014, the capital eligibility guidelines were revised to allow for the purchase of vehicles that are also considered equipment and that have a cost of at least \$100,000 and have a useful life of at least 5 years. In FY15, the City budgeted over \$12 million in new and prefinanced city funds to purchase such equipment for Fire and Streets Departments in the Capital Budget. In the proposed FY16 Capital budget, funding has increased to \$15 million, \$7 million for Fire Department

specialty vehicles, \$7 million for Streets Department specialty vehicles, and \$1 million for various departments that have these type of vehicle needs. The proposed FY16 Operating budget includes \$10.4 million for vehicle purchases, bringing the total to \$25.4 million. The City anticipates that this increase will reduce the aging fleet and help the departments to perform their daily operations in a safe and efficient manner.

**Vehicle Lease Purchase Financing:** OFM completed a \$28 million lease purchase financing program in March 2011. This program enables OFM to replace older and no longer economically feasible vehicles and equipment with technologically advanced and more fuel efficient options. Through the lease purchase financing program, OFM purchased 94 pieces of heavy equipment and vehicles for the Streets Department at an estimated cost of \$13.9 million, 34 apparatus equipment for Fire Department at an estimated cost of \$12.6 million and 10 vehicles for other departments at an estimated cost of \$1.5 million. Lease purchase financing has enabled OFM to provide more reliable and economical vehicles to the operating departments.

**Fuel System Modernization:** From FY10 to FY14, OFM upgraded 18 year old fuel dispensing technology for a total cost of \$1.3 million. This upgrade enabled OFM to automate fuel dispensing to motorcycles, gas cans, and other types of equipment and avoid manual recording of fuel transactions. This new system enhances fuel security and enables OFM to stay current on technological upgrades in the industry, resulting in future costs savings and efficiencies to the City.

**Fleet Asset Management System:** In FY14, with the assistance of the Office of Innovation and Technology, OFM began the process of replacing its current work order system with a new Asset Management System. The new system and full training are scheduled to be complete in April 2015. The new Asset Management System meets industry standards and operates using cloud technology to help OFM carry out duties more efficiently. The cost of replacing OFM's current work order system would exceed the price of the new system, which is expected to cost approximately \$1 million.

**Modernization & Consolidation of Repair Facilities:** Capital project initiatives will consolidate the Tire Shop & Administration to the Central Repair Facility at shop 134 Front Street & Hunting Park Avenue over the next three to five years. This is OFM's main public health & safety repair facility which require major renovation and expansion to accommodate the increased workload in Police and Fire department vehicles and equipment. OFM submitted a capital project proposal to the City Planning Commission for review, planning and implementation. This strategy will enable centralization, efficiency in operations, improve building & equipment safety and develop a modern industry standard repair facility.

**Parking Expenditure Savings:** Since FY10, OFM has been responsible for managing on-street and off-street parking for the City (primarily for City vehicles). The relocation and reduction of off-street parking permits, which began in FY12, allowed OFM to save \$210,000 in garage expenses annually.

**STAFFING**

**Staffing Diversity:** As of December 31, 2014 OFM’s total employee count is 341 of which 19 (5.57%) are female and 322 (94.43%) are male. Of the total employees 106 (31.08%) are African American, 201 (58.94%) are Caucasians, 18 (5.28%) are Hispanic, 11 (3.23%) are Asian and 5 (1.47%) are in other category. OFM’s first level management team consists of three employees; all of which (100.00%) are male. Of the total management employees, two (66.67%) are Caucasians and one (33.33%) is Asian.

**New Hire Staffing Diversity:** During the first two quarters of FY15, OFM hired 21 new employees of which 2 (9.5%) are female and 19 (90.5%) are male. Of the total employees 12 (57.1%) are African American, seven (33.3%) are Caucasian, one (4.8%) is Hispanic, and one (4.8%) is Asian. During this period, there were no new hires in first level management.

**Staff Demographics (as of December 2014)**

<i>Full-Time Staff</i>			<i>Executive Staff</i>			<i>FY15 New Hires</i>		
	Male	Female		Male	Female		Male	Female
	African-American	African-American		African-American	African-American		African-American	African-American
<i>Total</i>	92	14	<i>Total</i>	0	0	<i>Total</i>	10	2
<i>% of Total</i>	27.0%	4.1%	<i>% of Total</i>	0.0%	0.0%	<i>% of Total</i>	47.6%	9.5%
	White	White		White	White		White	White
<i>Total</i>	196	5	<i>Total</i>	2	0	<i>Total</i>	7	0
<i>% of Total</i>	57.5%	1.5%	<i>% of Total</i>	66.7%	0.0%	<i>% of Total</i>	33.3%	0.0%
	Hispanic	Hispanic		Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	18	0	<i>Total</i>	0	0	<i>Total</i>	1	0
<i>% of Total</i>	5.3%	0.0%	<i>% of Total</i>	0.0%	0.0%	<i>% of Total</i>	4.8%	0.0%
	Asian	Asian		Asian	Asian		Asian	Asian
<i>Total</i>	11	0	<i>Total</i>	1	0	<i>Total</i>	1	0
<i>% of Total</i>	3.2%	0.0%	<i>% of Total</i>	33.3%	0.0%	<i>% of Total</i>	4.8%	0.0%
	Other	Other		Other	Other		Other	Other
<i>Total</i>	5	0	<i>Total</i>	0	0	<i>Total</i>	0	0
<i>% of Total</i>	1.5%	0.0%	<i>% of Total</i>	0.0%	0.0%	<i>% of Total</i>	0.0%	0.0%
	Bi-lingual	Bi-lingual		Bi-lingual	Bi-lingual		Bi-lingual	Bi-lingual
<i>Total</i>	TBD	TBD	<i>Total</i>	TBD	TBD	<i>Total</i>	0	0
<i>% of Total</i>	TBD	TBD	<i>% of Total</i>	TBD	TBD	<i>% of Total</i>	0.0%	0.0%
	Male	Female		Male	Female		Male	Female
<i>Total</i>	322	19	<i>Total</i>	3	0	<i>Total</i>	19	2
<i>% of Total</i>	94.4%	5.6%	<i>% of Total</i>	100.0%	0.0%	<i>% of Total</i>	90.5%	9.5%

**CONTRACTING**

**Participation in Economic Opportunity:** OFM is committed to supporting the Administration’s goal for minority, woman, and disabled-owned business (W/M/DSBE) participation in City contracting. OFM’s FY15 year-to-date W/M/DSBE participation is 0.15%. Many of OFM’s contracts are technical due to the specificity of requirements and specifications, particularly around the purchase of heavy equipment, vehicles, and other related parts and equipment. There are limited W/M/DSBE vendors for such contracts. OFM continues to review contracts and look for more opportunities to increase W/M/DSBE participation.

**M/W/DBE Participation on Large Contracts  
FY15 Contracts**

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All DSBEs	Living Wage Compliant?
Kovatch Mobile Equipment Corp	Tiller Ladder Fire Apparatus	\$3,659,954	9/25/14	10/1/14	MBE:	0%	\$0		Not applicable - Non-Service
					WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
Transteck Inc	Compactor Purchase	\$641,435	11/13/14	11/1/14	MBE:	0%	\$0		Not applicable - Non-Service
					WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
Baker Aerial LLC	Bucket Truck Repair	\$340,704	9/3/14	10/1/14	MBE:	0%	\$0		Yes
					WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
Mansfield Oil Co	Fuel Credit Cards	\$250,920	5/21/14	11/1/14	MBE:	0%	\$0		Not applicable - Non-Service
					WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	
ITEI Auto Glass/Novus Windshield Rep	Windshield Rep	\$32,000	4/16/14	7/1/14	MBE:	0%	\$0		Not Applicable - Less than 25 employees
					WBE:	0%	\$0	0%	
					DSBE:	0%	\$0	\$0	

**OTHER BUDGETARY IMPACTS**

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FEDERAL AND STATE (WHERE APPLICABLE)

Not applicable.

OTHER

Not applicable.