

**OFFICE OF FLEET MANAGEMENT
FISCAL YEAR 2015 BUDGET TESTIMONY
APRIL 7, 2014**

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

The mission of Office of Fleet Management (OFM) is 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. OFM's mission is to provide safe and reliable vehicle and equipment to the operating departments. FY14 year-to-date availability of all City-owned vehicles is 93% which is 3% above the target level of 90%. OFM has consistently met vehicle availability of Fire Fighting Equipment & Medic Units, Police Radio Patrol Cars and Streets Refuse & Recycling Compactors which will support public health & safety operations of the City.

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST

- General Fund Class 200 budget increased by \$240,000 for Fuel Site Environmental Services
- General Fund Class 300 budget decreased by \$2,300,000 in fuel costs resulting from the hedging program
- General Fund Class 400 budget increased by \$2,000,000 along with an already planned increase of \$1,000,000 for a total amount of \$3,000,000 to replace Aged Vehicles and decreased by \$3,600,000 due to the elimination of non-recurring Fire Medic Units purchases
- Aviation Fund Class 100 budget increased by \$50,000 to fill all budgeted automotive technician positions

OFM's FY2015 General Fund budget request is \$59,684,779 including \$7,465,000 for the purchase of new vehicles and equipment. The breakdown of the funding is as follows: \$15,652,172 in Class 100, \$9,604,396 in Class 200, and \$34,428,211 in Class 300/400. FY2015 General Fund budget request is \$2,660,000 lower than the FY2014 estimated obligations. This budget reduction is the result of a \$2,300,000 decrease in fuel costs from the FY2014 projection due to the expected savings from the fuel hedging program that was started in FY2014 and a \$2,000,000 increase (including an already planned increase of \$1,000,000 for a total of \$3,000,000) in vehicle purchase funding and elimination of \$3,600,000 in one time funding for fire department medic units. In FY2015 Class 200 funding has increased by \$240,000 for the fuel site environmental services to comply with State's Department of Environmental Protection's regulations.

OFM's FY2015 Water Fund budget request is \$8,509,629. The breakdown of the funding is as follows: \$2,745,986 in Class 100, \$1,489,000 in Class 200, and \$4,274,640 in Class 300 / 400. FY2015 Water Fund budget request is as same as FY2014 estimated obligations.

OFM's 2015 Aviation Fund budget request is \$8,158,573 including \$5,000,000 for the purchase of new vehicles and equipment. The breakdown of the funding is as follows: \$1,277,573 in Class 100, \$588,000 in Class 200, and \$6,293,000 in Class 300 / 400. FY2015 Aviation Fund budget request is \$50,000 higher than FY2014 estimated obligations. This increase is in Class 100 funding to fill all budgeted positions in FY2015.

**OFFICE OF FLEET MANAGEMENT
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Financial Summary by Class - General Fund

	Fiscal 2013 Actual Obligations	Fiscal 2014 Original Appropriations	Fiscal 2014 Estimated Obligations	Fiscal 2015 Proposed Appropriations	Difference FY14 - FY15
Class 100 - Employee Compensation	\$15,580,580	\$15,652,172	\$15,652,172	\$15,652,172	\$0
Class 200 - Purchase of Services	\$9,333,390	\$9,364,396	\$9,364,396	\$9,604,396	\$240,000
Class 300 - Materials and Supplies	\$29,209,701	\$26,763,211	\$29,063,211	\$26,763,211	(\$2,300,000)
Class 400 - Equipment	\$6,664,561	\$4,665,000	\$8,265,000	\$7,665,000	(\$600,000)
Class 500 - Contributions	\$22,000	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$60,810,232	\$56,444,779	\$62,344,779	\$59,684,779	(\$2,660,000)

Staff Demographics Summary*

	Total	Minority	White	Female
Full-Time Staff	341	39%	61%	6%
Executive Staff	5	20%	80%	0%
Average Salary - Executive Staff	\$98,451	\$103,000	\$97,314	\$0
Median Salary - Executive Staff	\$91,619	\$103,000	\$91,519	\$0

Employment Levels*

	Budgeted	Approved	Filled
Full-Time Positions	361	361	341
Part-Time Positions	0	0	0
Executive Positions	6	6	5

Contracts Summary*

	FY09	FY10	FY11	FY12	FY13	FY14*
Total amount of contracts	\$10,495,838	\$536,492	\$4,338,791	\$5,317,580	\$2,304,471	\$928,591
Total amount to M/W/DBE	\$38,500	\$42,449	\$1,525,277	\$93,742	\$63,679	\$59,191
Participation Rate	0.4%	7.9%	35.2%	1.8%	2.8%	6.4%

*As of December 2013

**OFFICE OF FLEET MANAGEMENT
PERFORMANCE, CHALLENGES AND INITIATIVES**

The Office of Fleet Management reported on the following metrics in the Fiscal Year 2015-2019 Five Year Plan:

Performance Measure	FY08	FY12	FY13	FY13- FY12 Change	FY13 Q1-Q2	FY14 Q1-Q2	FY14- FY13 Q1-Q2 Change	FY14 Goal	FY15 Goal
Fleet availability - citywide	89.0%	92.0%	93.0%	1.1%	93.0%	93.0%	0.0%	90.0%	90.0%
Radio patrol car availability	90.0%	89.0%	88.0%	-1.1%	89.0%	88.0%	-1.1%	90.0%	90.0%
Medic units availability	88.0%	92.0%	87.0%	-5.4%	89.0%	81.0%	-9.0%	90.0%	90.0%
Compactors availability	80.0%	80.0%	79.0%	-1.3%	82.0%	74.0%	-9.8%	90.0%	90.0%
Median Age of Vehicle: General Fund	8	9	9	0.0%	9	9	0.0%	9	8
Median Age of Vehicle: Water Fund	6	8	9	12.5%	9	10	11.1%	9	8
Median Age of Vehicle: Aviation Fund	8	10	11	10.0%	11	10	-9.1%	10	8
Percent of vehicles repaired in 1 day or less	72.0%	68.0%	69.0%	1.5%	69.0%	69.0%	0.0%	70.0%	70.0%

Availability of all City-owned vehicles is 93% which is 3% above the target level of 90%. The Citywide vehicle availability increase of 1% in FY13 is a normal variance due to vehicle acquisition/ relinquishment cycles. The City’s public safety vehicle availability decreased from FY12 to FY13 (radio patrol cars by 1%; medic units by 5% & street compactors by 1%) mainly due to aged vehicles and lack of new vehicle replacements. This trend continued during the first two quarters of FY14 for medic units and Compactors. During this period, medic unit availability decreased by 6%, street compactors availability decreased by 5% but radio patrol car availability remained at the same level. To address this issue, \$3.6 million was added midyear in FY14 to purchase additional EMS vehicles, and, as described in the budget trends, the Five Year Plan recommends an additional \$2 million in operating funds and \$10 million in capital funding for increased vehicle purchases. In FY14, the median age of the General Fund vehicles remained at nine years compared to FY13. Water Fund vehicles median age increased from nine years in FY13 to 10 years in FY14. This increase is a result of insufficient new vehicle purchases however the Water Department is projecting to spend \$8 million in vehicle purchases in FY14. Aviation Fund vehicle median age reduced from 11 years in FY13 to ten years in FY14 due to new vehicle purchases. OFM is responsible for vehicle repairs and in FY08 and FY09, OFM repaired 72% of vehicles in 1 day or less. This performance reduced to 69% in FY13 and continued in the same level for the first two quarters of FY14 mainly due to aged vehicles and equipment.

DEPARTMENT CHALLENGES

Aged Vehicle Replacement: Currently one third of the city’s fleet is model year 2000 or older which causes a strain on our fuel and maintenance budget. OFM’s strategy is to replace older and no longer economically feasible vehicles and equipment with technologically advanced and more fuel efficient vehicles and equipment. Purchase of this equipment would slightly reduce OFM’s costs for fuel and maintenance. The proposed \$10 million capital spend for specialty vehicles will enable OFM to replace small vehicles such as police patrol cars, maintenance vans, sedans and equipment more frequently with operating budget funds.

Qualified Technician: OFM has had difficulty hiring and retaining qualified technicians. At the present time there are 18 openings and the last two technician tests netted only 9 candidates. This problem is industry wide and seems to be getting worse. Emphasis on college and the prospect of a white collar career along with low pay scale for an entry level technician has discouraged young people from entering this trade. Those who do become technicians are often lured to other employers that are offering higher pay and better benefit packages. To offset this problem OFM has begun hiring trades helpers as entry level

technicians to fill positions. Trades Helpers do not have the skill sets or licenses to function as a journeyman technician so OFM has invested \$500,000 in a training facility and hired a training and development officer with the goal of growing our own technicians.

STAFFING LEVELS

Currently OFM's total staff is 361 with 295 being technical in nature. In the past ten (10) years OFM has lost over one hundred (100) technicians positions, this has limited OFM's ability to hire and train technicians for specialized tasks such as fire apparatus and refuse truck repairs.

Staffing Diversity: As of December 31, 2013 OFM's total employee count is 341 of which 19 (6%) are female and 322 (94%) are male. Of the total employees, 103 (30%) are African American, 208 (61%) are White, 15 (4%) are Hispanic, 10 (3%) are Asian and 5 (1%) are Other. OFM's first level management team consist of 5 employees of which 4 (80%) are White, 1 (20%) is Asian and all 5 (100%) are male. During the last twelve months OFM hired 16 employees, all of them (100%) are male. The new hires consist of 3 (19%) African American employees, 9 (56%) White employees, 3 (19%) Hispanic employees and 1 (6%) employee is Other..

PAST INITIATIVES

Fuel System Modernization: In FY2011 OFM started the Fuel System Modernization Project by upgrading the old fuel dispensing technology at City's 60 fuel sites. OFM completed this project in second quarter of FY2014. The total cost of this project was \$1.25 million. This upgrade enabled OFM to automate fuel dispensing to motorcycles, gas cans and other type of equipment and avoid manual recording of fuel transactions. This new system will enhance fuel security, secure all fuel transactions and enable OFM to stay current with technological upgrades in the industry, resulting in future costs savings and efficiencies to the City.

High School Internship Program: OFM's High School Internship Program will extend support to the Administration's Educational Initiatives and After School Program. At present we have seven (7) high school students enrolled in to this program. At the end of their internship program, students have the option to join OFM's workforce through a civil service position titled Automotive Apprentice. This internship program was started in 1993 and enables OFM to train and develop students in a career oriented automotive training program. Currently 14 full-time staff received their training through high school internship program and a total of 94 students have been trained through this program since its inception.

Fleet Asset Management System: OFM's current work order system is "Fleet Vehicle Inventory Control System" (FVICS) which was developed internally in 2002. The upgrades and maintenance that FVICS would need exceeds the price to replace it with a modern - industry standard Asset Management System - which will fulfill OFM's unique operational challenges and enable us to improve and conduct future missions more effectively and efficiently. A Fleet Asset Management System RFQ was sent out in July 2012 and RFQ process was completed by September 2012. The RFP process was started in October 2012 and posted in March 2013 with a projected start-up date of the project of July 5, 2013. Total estimated cost of this project is \$1.2 million. At present, full implementation of the project in OFM's Administration and 16 Repair Facilities is projected to complete by April 30, 2015.

Employee Training and Development: OFM's strategy is to sustain the current work force through training and development. OFM will establish a new in-house training and development program. To facilitate internal training, OFM is building a training center, which will be completed by the end FY2014. Total projected cost of the Training Center is \$500,000. This will enable OFM to hire, train and retain automotive technicians.

NEW INITIATIVES

Modernization & Consolidation of Repair Facilities: OFM's main repair facility is shop 134 Front St. & Hunting Park Avenue. This garage was built in the 1950s and we have limited space to perform our most critical function, the repair and maintenance of our public safety fleet. Because of this we are embarking on an evaluative process of the repair facility.

Alternative Fuel / Hybrid Initiatives: Vehicular exhaust is a major contributor to air pollution. OFM has been exploring cleaner alternative fuels such as propane and Compressed Natural Gas (CNG) as well as plug in electric (PEV) and gasoline hybrid technology to offset carbon emissions from motor vehicles. However, along with the higher purchase cost the CNG and propane options require substantial investment in infrastructure to support their use so at this time OFM is focusing its attention to PEV and hybrid technology to satisfy this goal. In FY 2014 OFM purchased 20 gasoline hybrid sedans and two PEV gasoline hybrid vehicles.

CONTRACTING EXPERIENCE

M/W/DBE Participation on Large Contracts

FY14 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?
Campbell Supply Co of Penn LLC	Insp/Repair to Airport Crash Rescue Equip	\$375,931	10/21/13	12/1/13	MBE: WBE: DSBE:	0% 0% 0%	\$0 \$0 \$0	0% 0% \$0	Y
Assesstworks Inc	Computerized Work Order Management System	\$218,385	3/21/13	9/15/13	MBE: WBE: DSBE:	11% 0% 0%	\$24,328 \$0 \$24,328	11% 0% \$0	Y
Internetwork Services Inc	Maint/Rep FDS (Fuel Data System)	\$82,750	7/31/13	10/1/13	MBE: WBE: DSBE:	0% 0% 0%	\$0 \$0 \$0	0% 0% \$0	Not Applicable-Less than 25 employees
Penn Jersey Machinery LLC	Maint/Rep Airport Multi-function snow equip	\$53,850	2/24/14	4/1/14	MBE: WBE: DSBE:	0% 0% 0%	\$0 \$0 \$0	0% 0% \$0	Y
Brewer International Inc	Gerber Vehicle Graphic Machine Supplies	\$32,001	9/4/13	9/1/13	MBE: WBE: DSBE:	0% 0% 0%	\$0 \$0 \$0	0% 0% \$0	Non-Service

DEPARTMENT EMPLOYEE DATA

Staff Demographics

Full-Time Staff

Executive Staff

	Male	Female	Male	Female
Total	322	19	5	0
% of Total	94%	6%	100%	0%
	African-American	African-American	African-American	African-American
Total	90	13	0	0
% of Total	26%	4%	0%	0%
	White	White	White	White
Total	202	6	4	0
% of Total	59%	2%	80%	0%
	Hispanic	Hispanic	Hispanic	Hispanic
Total	15	0	0	0
% of Total	4%	0%	0%	0%
	Asian	Asian	Asian	Asian
Total	10	0	1	0
% of Total	3%	0%	20%	0%
	Other	Other	Other	Other
Total	5	0	0	0
% of Total	1%	0%	0%	0%
	Bi-lingual	Bi-lingual	Bi-lingual	Bi-lingual
Total	0	0	0	0
% of Total	0%	0%	0%	0%