

# Management of State Agency Passenger Vehicles

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Office of Performance Evaluations  
Idaho State Legislature



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# Office of Performance Evaluations Idaho State Legislature

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**In March 199X, we began an evaluation of state agency passenger vehicles at the direction** of the Joint Legislative Oversight Committee. Interest in this evaluation centered on the number of passenger vehicles requested by agencies each year and the number already in the state's fleets, as well as uncertainty as to whether vehicles were fully used and adequately maintained.

I respectfully submit our completed evaluation for your review and consideration. We conclude that in fiscal year 1997, a number of state vehicles were underused in terms of mileage. Also, a number of vehicles we sampled were not timely maintained. Furthermore, in fiscal year 1997 **many** vehicles were disposed of beyond the recognized cost-effective disposal point for public sector fleets. One-third of the remaining fleet was at or beyond the point of disposal measured in terms of vehicle age.

In fiscal year 1997, nearly one-third of the state's passenger vehicles were driven less than one-half the nationally-recognized standard for public sector fleets in terms of miles. Had all of these low mileage vehicles been more fully used, the state could have **eliminated** about 475 vehicles overall or reduced the use of employee owned vehicles for state business. In addition, due in part to the limited information that is available to state policy makers, these vehicles are likely to be replaced over the next two years, at a cost of approximately \$6.1 million.

We recommend that state agencies improve their fleet management through the establishment of guidelines, the collection of needed data, and regular monitoring of fleet operations. We also recommend the Legislature consider requiring central, uniform, and ongoing reporting of key fleet information and present two options for consideration should it be determined that additional monitoring is needed.

As this evaluation dealt with practices in a number of state agencies, no one agency was evaluated. We are grateful for the assistance we received from the Department of Administration and an official from the Division of Financial Management in reviewing a draft of our conclusions and recommendations.

This report was written and researched by Ned Parrish (lead) and Eric Milstead, **with** assistance from Bev Nicholson and other Office of Performance Evaluations staff.

Respectfully submitted,

  
Nancy Van Maren

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# Management of State Agency Passenger Vehicles

## Executive Summary

In March 1998, we began a performance evaluation of state agency passenger vehicles at the request of the Joint Legislative Oversight Committee. Interest in the evaluation centered on the number of vehicles requested by agencies each year, the size of the state's fleet, and uncertainty about whether vehicles are being fully used and adequately maintained. This report, prepared in response to the committee's request, addresses the following questions:

- How many passenger vehicles does the state own? Which agencies own vehicles?
- How many miles do agencies put on state vehicles each year? Are vehicles in the state's fleet fully used?
- Are vehicles adequately maintained? At what cost?
- Are vehicles disposed of at the proper time? At what point should vehicles be disposed of and replaced?
- Have necessary administrative mechanisms been established to effectively manage the state's passenger vehicle resources?

In Idaho, state agencies are responsible for managing the vehicles they own or lease. Agencies determine the size of their fleets, how vehicles are used, assigned, maintained, and disposed of. Agencies may also adopt their own policies, record keeping systems, and fleet monitoring processes. Our review considered all agencies except the universities that reported owning or leasing vehicles in fiscal year 1997. Consistent with the committee's interests, we limited our review to passenger vehicles, including cars, light trucks, and vans.

## Methods

To conduct our review, we examined passenger vehicle information from all available state-wide information systems,

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**Our review focused on passenger vehicles including cars, vans, and light trucks.**

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**State agencies owned an estimated 3,477 passenger vehicles in fiscal year 1997.**

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**The total acquisition cost for these vehicles is estimated to be nearly \$42 million.**

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surveyed 17 state agencies with 94 percent of the state's passenger vehicle fleet, examined preventive maintenance and vehicle disposal information, visited job sites and interviewed selected agency managers, and reviewed fleet management literature.

## **Background**

State agencies owned or leased an estimated 3,477 passenger vehicles during fiscal year 1997. Trucks made up 51 percent of the total, sedans 36 percent, and passenger vans the remaining 13 percent. Agencies owned 93 percent of these vehicles, and leased the remainder.

Forty-three departments or agency subunits in Idaho owned or leased passenger vehicles in fiscal year 1997. Five agencies, the Department of Health and Welfare (including the Division of Environmental Quality), Idaho Transportation Department, Department of Fish and Game, Department of Correction, and Department of Lands accounted for 68 percent of all passenger vehicles.

These passenger vehicles represent a significant investment to the state. We estimate that the total state passenger vehicle fleet cost nearly \$42 million to acquire. In fiscal year 1997 alone, agencies spent about \$4.1 million to purchase 238 passenger vehicles and an additional \$612,234 to lease 232 passenger vehicles for the year. During the same year, the state spent approximately \$10 million for vehicle maintenance, fuel and lubricants, and other operating expenses.<sup>1</sup>

## **Fleet Use, Maintenance, and Disposal**

**During fiscal year 1997, many state passenger vehicles were driven less than half the mileage standard for vehicles in public sector fleets.**

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<sup>1</sup> Expenditures for passenger vehicles are not fully segregated in the Statewide Accounting and Reporting System. As a result, maintenance expenditures include costs for maintaining and repairing all types of vehicles; expenditures for fuel and lubricants include costs for all motor driven equipment (e.g. passenger vehicles, chain saws, etc.) under 6,000 pounds.

During fiscal year 1997, nearly one-third of the vehicles we reviewed were driven less than half the nationally-recognized mileage standard for vehicles in public sector fleets. According to fleet management literature, passenger vehicles in public sector fleets should be driven approximately 12,000 miles per year on average.<sup>2</sup> We compared the annual mileage of 2,666 passenger vehicles in Idaho to this standard. During fiscal year 1997, these passenger vehicles were driven 10,860 miles on average. Yet, 876 vehicles were driven less than 6,000 miles that year. Nearly all agencies had vehicles driven less than 6,000 miles annually, although the percent of low mileage vehicles varied by agency.

Fleet management experts maintain that low average mileage is one indicator that a fleet has too many vehicles or is not using them sufficiently. To the extent that low mileage occurs for reasons other than using vehicles for specialized purposes, the state may be able to reduce costs by: (1) reducing the number of vehicles; or (2) increasing the use of state agency vehicles while reducing the use of employee owned vehicles for state purposes.

If all passenger vehicles would have been driven at least 6,000 miles during fiscal year 1997, about 475 fewer vehicles would have been needed overall. Fewer vehicles should have resulted in lower fleet operating costs. In addition, we estimate the state could have obtained one-time revenue of up to \$750,000 if all 475 of these “extra” vehicles were disposed of. Although 6,000 miles is half the mileage standard, we recognize that it may not be feasible or desirable to drive all vehicles this distance annually because some vehicles are used for short trips or special purposes.

Alternatively, had existing state vehicles been more fully used, the state may have been able to avoid up to \$534,000 in reimbursement to employees for use of their private vehicles. During fiscal year 1997, the state reimbursed employees \$2.1

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<sup>2</sup> *Governing*, City & State/Stone & Webster 1993 Government Fleet Survey, (1993), p. 4; Missouri Council on Efficient Government, *Vehicle Management in State Government*, (January 1998), p. 18; Oregon Secretary of State, Audits Division, *A Review of Vehicle Fleet Management Practices*, (December 1995), p. 17; Minnesota Department of Administration, *Minnesota Travel Management: Central Motor Pool*, (February 1994), cites annual mileage standards for states of Oregon (12,000 annual miles) and Virginia (15,200 annual miles); State of Utah, *Motor Pool Policies and Procedures Guide*.

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**Of the 2,666 vehicles we reviewed, 876 were driven less than 6,000 miles in fiscal year 1997.**

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**If all passenger vehicles were driven at least 6,000 miles annually, the state would have needed about 475 fewer vehicles or could have reduced reliance on employee owned vehicle use.**

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million for using their own vehicles, the equivalent of a minimum of 8 million miles of travel. About 2.9 million of those miles could have been driven on state vehicles had all 876 low mileage vehicles been driven 6,000 miles during the year. This would have resulted in \$534,000 less in reimbursement for one year.<sup>3</sup>

Several agencies had both a high percent of their passenger fleets driven less than 6,000 miles annually and a high amount of reimbursement to employees for using their own vehicles. While it will not be possible to link lower mileage vehicles with employee travel needs in all instances, agencies may be able to better match vehicles to travel needs and consequently increase existing vehicle use.

**State agencies did not provide timely oil changes and other preventive maintenance for a number of vehicles in fiscal years 1997 and 1998.**

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**Preventive maintenance should be performed at established time or mileage intervals.**

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According to fleet management experts, preventive maintenance should be performed at established time or mileage intervals. To accommodate agency workloads and allow for reasonable delays in scheduling and the performance of vehicle maintenance, we developed maintenance standards that are less stringent than industry generally recommends. We then compared agency records of vehicle maintenance for a sample of 12 percent of the vehicles under review against these less stringent standards. Agencies had insufficient records to determine the maintenance performed on some of these vehicles. However, of those we reviewed:

- Slightly more than half had oil changes performed within 6,000 miles or 6 months;
- Approximately 60 percent received tire rotations within 9,000 miles; and
- About 75 percent had brake inspections within 15,000 miles.

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<sup>3</sup> This calculation represents estimated net savings in using state vehicles instead of privately owned vehicles. The calculation accounts for state vehicle operating costs of 7.3 cents per mile for gasoline, oil, and maintenance and repair. Operating cost estimates were derived from industry fleet management cost projections.

Quantifying the effects of untimely maintenance would have required a review of repair costs for each state vehicle, and was beyond the scope of this report. However, experts in fleet management suggest that timely preventive maintenance reduces long-term fleet costs by reducing vehicle repair costs, improving resale value, and enhancing vehicle reliability and safety.

**Passenger vehicles were frequently disposed of beyond the optimal disposal point in fiscal year 1997.**

Experts in fleet management have identified a point, called the optimal disposal point, at which a vehicle's age and mileage make it cost effective to dispose of the vehicle. Although the optimal disposal point for vehicles varies by vehicle class, public sector fleet policies generally recommend disposing of passenger vehicles, including sedans, light pickups, and vans, at 80,000 to 100,000 miles.<sup>4</sup> Similarly, vehicle disposal guidelines established by the Division of Financial Management suggest that agencies consider replacing vehicles at between 75,000 and 100,000 miles.

In fiscal year 1997, 14 agencies reported having disposed of 297 vehicles. Approximately 91 percent (269 vehicles) had model year and odometer readings recorded at the time of disposal. These vehicles averaged about 113,000 miles and 11 years at disposal. Two-thirds of the 269 vehicles disposed of exceeded 100,000 miles at the time of disposal.

More timely disposal of state vehicles could increase one-time revenue to the state. Based on vehicles disposed of in fiscal year 1997, we estimate that the state could have generated an additional \$1,675 per vehicle, on average, if the vehicles had been resold at 8 rather than 11 years of age.

Further, in fiscal year 1997, the state had about 900 vehicles that were 8 years old or older among the 2,666 we reviewed. The average age of these vehicles was about 11 years. Approximately half (426) of the 900 vehicles were between 8 and 9 years old. A vehicle reaches the optimal disposal point when it is 7 or 8 years

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<sup>4</sup> National Conference of State Fleet Administrators, *1997 Annual Public Sector Fleet Survey*, (June 1997), *Governing*, "City & State/Stone & Webster 1993 Government Fleet Survey," (1993); Oregon Secretary of State, Audits Division, *A Review of Vehicle Fleet Management Practices*, (December 1995).

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**Agency records showed that maintenance efforts were not timely for many vehicles.**

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**Two-thirds of the vehicles agencies disposed of in fiscal year 1997 exceeded the upper limit of disposal guidelines at the time of disposal.**

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**About 900 of the 2,666 passenger vehicles we reviewed were at least 8 years old in fiscal year 1997.**

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old if it is driven the nationally-recognized standard of 12,000 miles each year. As a result, if the state had disposed of the 426 vehicles that already met the age disposal criteria, it could have increased re-sale revenue by approximately \$575,000 over what it would receive if the vehicles are disposed of at 11 years.

Agencies indicated they often held onto older vehicles because there was little cost associated with keeping them. However, we found instances where older vehicles incurred repair costs disproportional to the amount of miles they were driven. For example, during fiscal year 1997, a 1987 Ford Tempo was used for 12 trips and 120 total miles, but incurred \$266.58 in maintenance and repair costs during the year, amounting to \$22.22 per trip or \$2.22 per mile. A 1982 Ford van was driven an estimated 2,496 miles during the year, but incurred an estimated \$1,168 in maintenance and repair costs, equivalent to 47 cents per mile. These examples suggest agencies should carefully examine the costs of keeping older vehicles.

## **Fleet Management**

**State agencies generally have not established effective systems to manage their fleet resources.**

Fleet management literature has identified three key elements essential to cost-effective fleet management systems:

- Clear written policies, procedures, and guidelines;
- Accurate, reliable, and accessible management information; and
- Regular and ongoing monitoring of fleet operations

As noted, in the absence of central fleet management, agencies are responsible for managing their own passenger vehicle fleets. Our review of agency fleet management practices revealed they are generally not adequate to ensure that passenger vehicles are fully used, properly maintained, and disposed of at the appropriate time.

### *Policies and Guidelines*

Our survey of 17 state agencies revealed that many agencies had not established fleet management policies. For example:

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**In Idaho, agencies are responsible for managing their own vehicle fleets.**

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- 91 percent of 118 survey respondents indicated their department or agency subunits did not have a policy requiring passenger vehicles to be driven a certain number of miles or days per month;
- 21 percent said their agency subunits did not have a policy concerning vehicle maintenance; and
- 54 percent said their agency subunits did not have a policy concerning vehicle disposal and replacement.

Further, when agencies reported having policies they were often unwritten or informal.

We recommend the Legislature consider requiring the development of statewide written policies concerning vehicle use, maintenance, and disposal. Clear written policies can help guide fleet management efforts by establishing the standards to which agencies should adhere. Policies could also specify record-keeping and monitoring requirements that agencies must follow in managing their fleets. In addition, under uniform standards statewide, agencies would be able to benchmark the use, maintenance, and disposal of their vehicles against that of other state agencies. Uniform policies could be developed by an agency with statewide purview, such as the Department of Administration or the Division of Financial Management, in consultation with agencies that own state vehicles.

#### *Vehicle Management Information Systems*

Inadequate and, at times, inaccurate record-keeping of vehicle use, maintenance, and disposal information compromises agencies' ability to effectively manage their fleets. For example, districts within one agency did not consistently collect information concerning vehicle use or maintenance and repair costs, needed to determine if vehicles were fully used or cost-efficient to retain. Another large agency did not routinely collect information about the frequency of vehicle use and vehicle maintenance and repair costs in its fleet information system, nor was its information about some agency subunits accurate and up-to-date. Further, officials in two agencies told us the information they kept about vehicle maintenance was sometimes inaccurate.

We recommend that agencies develop effective data systems capable of recording and reporting information needed to assess

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**91 percent of the agency staff surveyed said they did not have a vehicle use policy.**

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**Agencies sometimes did not track key fleet information, and, when information was collected, it was not always**

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**42 percent of the agency staff surveyed said their agency subunit did not monitor vehicle use in fiscal year 1997.**

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fleet operations. Accurate and readily available data is necessary for agencies to efficiently manage their fleets. At a minimum, agencies should record basic vehicle identification information, such as the vehicle's equipment or license number and whether the vehicle is owned or leased, as well as information on vehicle use, maintenance, and disposal.

*Fleet Monitoring*

Agency monitoring of fleet use, maintenance, and disposal was generally limited. Forty-two percent of the agency staff with vehicle responsibilities that we surveyed said their agency subunits did not monitor how frequently their passenger vehicles were used in fiscal year 1997. In addition, several large agencies appeared to do little central monitoring of fleet operations, relying on regional staff or vehicle drivers to monitor vehicle use and ensure preventive maintenance was performed. However, fleet management experts recommend that fleet management responsibilities be centralized within an organization to aid comparison of work units, avoid duplication, and achieve economies of scale.<sup>5</sup>

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**Periodic vehicle use assessments can help agencies identify opportunities to reduce costs through reduction, reassignment, and sharing of vehicles.**

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We recommend that agencies routinely review vehicle use, maintenance, and disposal to assess fleet operations and determine where adjustments are needed. Periodic assessment of vehicle use is particularly important to cost-efficient fleet management. Experts interviewed by the federal General Accounting Office indicated that regular assessments of vehicle use can identify opportunities to streamline the size and composition of fleets through vehicle reduction, reassignments, and increased sharing of vehicles. Regular monitoring efforts are needed to ensure that preventive maintenance is performed as required and to determine when vehicle operating and maintenance costs begin to rise.

While expanding data gathering and monitoring efforts could result in some additional agency costs, overall fleet costs should be reduced as fleet efficiency improves. Agencies could incur costs to improve their record keeping systems and cover staff time involved in data collection and monitoring. However, adopting

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<sup>5</sup> U.S. General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, (December 1994) p. 28.

sound management policies and practices could enable agencies to better control and manage their fleets. In addition, establishing an effective fleet management system could lead to a more cost-conscious environment in which agencies make continuous improvements that lead to reduced costs and improved fleet efficiency.

**Efforts to oversee agency fleets have been limited primarily to policy maker review of agency requests for new and replacement vehicles in the budget process.**

No agency has been specifically assigned responsibility for monitoring agency fleets and fleet management practices. Further, no statewide information systems have been specifically designed to collect information needed to assess vehicle operations. The Office of Insurance Management’s annual motorized vehicle survey was intended primarily to gather information about agency vehicles needed for insurance purposes. In addition, agencies are not required to participate.<sup>6</sup> Other statewide data systems that contain information about agency passenger vehicles (e.g. the Fixed Asset System, GasCard, and the Statewide Accounting and Reporting System) also have been designed for other purposes.

As a result, statewide review of fleet operations has been limited primarily to policy maker review of vehicle requests agencies submit in the budget process. The Division of Financial Management requires agencies to provide specific information on vehicles they seek to replace. However, currently, agencies are not required to provide information about the size, composition, and operation (e.g., vehicle mileage, days-in-use, maintenance and repair costs) of their overall fleets as a context for understanding the agency’s vehicle use and need.

We recommend that the Legislature consider requiring central, uniform, and ongoing reporting of key fleet information for use in the decision-making process. Current, accurate, readily available, and relevant information about all vehicles in agency fleets could help policy makers monitor agency fleet operations and assist them in making decisions about vehicle acquisition and

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**Currently, no agency is charged with monitoring agency fleets and fleet management practices.**

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**Statewide, oversight occurs primarily with policy maker review of vehicles that agencies request in the budget process.**

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<sup>6</sup> During the years under review, the Office of Insurance Management was known as the Bureau of Risk Management. It’s name change was effective fiscal year 1998.



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**Increasing the information available in the budget process could result in savings of up to \$6.1 million over two years.**

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replacement. For example, information that shows vehicle mileage, the number of days vehicles are used each year, and the purposes for which vehicles are used could help policymakers assess whether existing vehicles are being fully used and whether old vehicles need to be replaced.

Furthermore, without sufficient information on agency fleets, policy makers may fund the replacement of vehicles that may not be needed. As noted earlier, we estimate that in fiscal year 1997, the state had about 475 vehicles more than it would have needed if the remaining vehicles had been driven at least 6,000 miles annually. Under the current system, this number of vehicles will likely be replaced over the next two years, at a cost of \$6.1 million or more.<sup>7</sup> Were the Legislature to have access to agency fleet information as a context for replacement requests, funding decisions could result in savings as “extra” vehicles are not replaced. Furthermore, given the ability to review data about their fleets, agencies may submit requests that more accurately reflect need.

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**Requiring agencies to report key fleet information could help policy makers determine whether vehicle requests are justified.**

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Legislators could consider at least two options if it is determined that additional monitoring and oversight of agency fleets is needed. First, an agency with statewide purview, such as the Department of Administration or Division of Financial Management, could be authorized to collect and review agency fleet information. The information gathered then could be compiled into a report to aid policy makers in the budget process. Alternatively, agencies could be required to submit key information about their fleets in their annual budget requests. The budget forms agencies use to request vehicles could be modified to require additional information about an agency’s fleet as a whole. We identify several types of information agencies could be required to report to help policy makers determine whether agency vehicle requests are justified.

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<sup>7</sup> This estimate was calculated using the average acquisition cost of \$12,821 for vehicles in the Fixed Asset System as of March 5, 1998.

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# Summary of Report Findings and Recommendations

1. About one-third of the vehicles were driven less than half the nationally-recognized standard during fiscal year 1997. *Page 13.*
2. During fiscal year 1997, sedans were as likely as pickups and vans to be driven less than 6,000 miles during the year. *Page 13.*
3. During fiscal year 1997, nearly all agencies had low mileage vehicles, although the percent of low mileage vehicles varied by agency. *Page 13.*
4. Based on annual mileage, the state would have needed about 475 fewer vehicles in fiscal year 1997 if all remaining vehicles had been driven at least 6,000 miles that year. *Page 16.*
5. If agency vehicles had been more fully used, the state may have been able to avoid up to \$534,000 in reimbursement to employees for use of their private vehicles. *Page 17.*
6. Just over half of the reporting vehicles received timely oil changes, although somewhat higher percentages received timely maintenance in other areas. *Page 20.*
7. Two-thirds of the vehicles agencies disposed of in fiscal year 1997 exceeded 100,000 miles at the time of disposal, the upper limit of nationally-recognized disposal points and disposal guidelines provided by DFM. *Page 23.*
8. More timely vehicle disposal could increase one-time revenue to the state. *Page 24.*

9. Approximately one-third of the state's existing passenger vehicles are at least eight years old, the age at which fully-used vehicles reach the optimal disposal point. *Page 24.*
10. In some instances, older vehicles incurred repair costs disproportional to the number of miles they were driven. *Page 25.*
11. Three key elements are essential to cost-effective fleet management: clear written policies, accurate and timely management information, and regular monitoring. *Page 27.*
12. Agency management of vehicle use, maintenance, and disposal is generally inadequate. *Page 28.*
13. Many agencies had not established fleet management policies. When agencies reported having policies, they were often unwritten or informal. *Page 29.*
14. Agencies sometimes did not track key fleet management information. When information was tracked, it was sometimes inaccurate or incomplete. *Page 30.*
15. Agency monitoring of fleet use, maintenance, and disposal were generally limited. *Page 30.*
  - **We recommend the Legislature consider requiring the development of statewide written policies concerning vehicle use, maintenance, and disposal to guide agency fleet management efforts.** *Page 32.*
  - **We recommend that agencies develop effective data systems capable of recording and reporting information needed to assess fleet operations.** *Page 34.*
  - **We recommend that agencies conduct regular and ongoing reviews to assess fleet operations and ensure that necessary actions are taken to address identified deficiencies.** *Page 34.*

16. There is no statewide data system designed to collect information needed to assess agency fleet operations. In addition, the limited information available in the statewide systems in fiscal year 1997 was incomplete and inaccurate. *Page 38.*
17. There is little central monitoring and oversight of state agency passenger fleets. *Page 39.*
18. The information provided in the current budget process may not be sufficient to meet policy makers' needs to make vehicle purchase and replacement determinations based on actual agency need. *Page 41.*
  - **We recommend that the Legislature consider requiring central, uniform, and ongoing reporting of key fleet information for use in the decision-making process.** *Page 42.*



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# Introduction

## Chapter 1

In March 1998 we began a performance evaluation of state agency passenger vehicles at the request of the Joint Legislative Oversight Committee. Interest in the evaluation centered on the number of vehicles requested by agencies each year, the size of the state's fleet, and uncertainty about whether vehicles are being fully used and adequately maintained. This report, prepared in response to the committee's request, addresses the following questions:

- How many passenger vehicles does the state own? Which agencies own vehicles?
- How many miles do agencies put on state vehicles each year? Are vehicles in the state's fleet fully used?
- Are vehicles adequately maintained? At what cost?
- Are vehicles disposed of at the proper time? At what point should vehicles be disposed of and replaced?
- Have necessary administrative mechanisms been established to effectively manage the state's passenger vehicle resources?

In Idaho state government, vehicle management is decentralized. That is, individual agencies are responsible for managing vehicles they may own or lease. Our review encompassed all state agencies except the universities that reported owning or leasing vehicles in surveys conducted by the Department of Administration's Office of Insurance Management.<sup>1</sup> We focused our review on passenger vehicles; non-passenger vehicles are typically used for specialty purposes and may not be subject to the same use, maintenance, and disposal standards. For the purposes of our review, passenger vehicles were defined as cars of all sizes

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**Our review focused on passenger vehicles including cars, vans, and light trucks.**

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<sup>1</sup> During the years under review, the Office of Insurance Management was known as the Bureau of Risk Management. Its name change was effective fiscal year 1998.

(except patrol cars), vans, and trucks up to and including one ton in capacity.

Related issues that we did not address as part of this study include: (1) whether the purposes for which agency vehicles are used are justified; (2) whether it is more cost-effective to lease or purchase passenger vehicles; and (3) whether it would be advantageous for the state to establish a central motor pool.

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**State agencies owned or leased an estimated 3,477 passenger vehicles in fiscal year 1997.**

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**Five agencies owned or leased two-thirds of the state's passenger vehicles in fiscal year 1997.**

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## **Composition and Cost of Idaho's Fleet**

Given the state's decentralized approach to vehicle management, compiling accurate answers to basic questions, such as how many passenger vehicles state agencies have, required considerable effort. To develop an accurate estimate of the number of passenger vehicles in the state's fleets, we reviewed all available statewide information and supplemented it with data obtained directly from agencies.

In total, we estimate that in fiscal year 1997, state agencies (excluding the universities) owned or leased a total of 3,477 passenger vehicles. As shown in Table 1.1, trucks made up 51 percent of the total, sedans 36 percent, and passenger vans the remaining 13 percent. Table 1.1 also shows that state agencies more often owned passenger vehicles than leased them. Information from the Department of Administration's Division of Purchasing indicated that state agencies leased 232 passenger vehicles in fiscal year 1997, or about 7 percent of the vehicles in the state's fleets that year. About three-fourths of the leased vehicles were sedans.

As Table 1.2 shows, 43 departments or agency subunits owned or leased passenger vehicles in fiscal year 1997. Five agencies, the Department of Health and Welfare (including the Division of Environmental Quality), Idaho Transportation Department, Department of Fish and Game, Department of Correction, and Department of Lands, accounted for 68 percent of all passenger vehicles.

Passenger vehicles represent a significant investment to the state. Based on agency reported acquisition costs, we estimate the state has spent nearly \$42 million to acquire the vehicles it owned in

**Table 1.1: Owned and Leased State Agency Passenger Vehicles by Vehicle Type, Fiscal Year 1997**

<u>Vehicle Type</u>	<u>Number Owned</u>	<u>Number Leased</u>	<u>Total<sup>a</sup></u>	<u>Percent of Total</u>
Sedans <sup>b</sup>	1,089	179	1,268	36%
Pickups <sup>c</sup>	1,716	53	1,769	51
Passenger vans	<u>440</u>	<u>0</u>	<u>440</u>	<u>13</u>
Total	3,245	232	3,477	100%

<sup>a</sup> 1996 vehicle counts were used for six agencies (56 vehicles) because survey information was not available in 1997.

<sup>b</sup> Includes station wagons

<sup>c</sup> Includes sport utility vehicles

Source: Office of Performance Evaluations analysis of the Office of Insurance Management Motorized Vehicle Survey responses, agency passenger vehicle data for selected agencies, and Division of Purchasing vehicle leasing information for fiscal year 1997.

**Table 1.2: Agency Passenger Vehicles, and Related Staffing Levels, Fiscal Year 1997**

<u>Agency<sup>a</sup></u>	<u>Number of Passenger Vehicles</u>	<u>Number of Full-Time Employees<sup>b</sup></u>	<u>Number of Part-Time Employees<sup>b</sup></u>
Administration	50	152	9
Agriculture	81	303	33
Attorney General	9	155	13
Commerce	1	48	8
Correction (includes Correctional Industries)	299	1,038	78
Finance	7	38	1
Fish and Game	469	490	135
Governors, Executive Office of the			
Disaster Services <sup>c</sup>	12		
Financial Management <sup>c</sup>	2	21	3
Idaho Commission on Aging <sup>c</sup>	1	11	3
Idaho Commission for the Blind and Visually Impaired	4	36	11
State Liquor Dispensary	4	91	124
Health and Welfare (includes Division of Environmental Quality)	747	3,260	765
Health Districts I-VII	184	596	429
Industrial Commission	39	113	17

[Table continued on page 4]



[Table 1.2 continued]

<u>Agency<sup>a</sup></u>	<u>Number of Passenger Vehicles</u>	<u>Number of Full-Time Employees<sup>b</sup></u>	<u>Number of Part-Time Employees<sup>b</sup></u>
Insurance <sup>c</sup>	8	60	9
Judicial Branch	2	126	8
Juvenile Corrections	46	209	26
Labor	59	402	187
Lands <sup>d</sup>	268	238	90
Law Enforcement <sup>e</sup>	140	418	33
Brand Inspection <sup>c</sup>	31	39	19
Racing Commission <sup>c</sup>	2	2	2
Parks and Recreation (includes Lava Hot Springs)	137	132	79
Public Utilities Commission	7	54	0
Revenue and Taxation	36	354	16
Self-Governing Agencies			
Board of Medicine	1	8	0
Board of Nursing	1	5	2
Board of Pharmacy	3	8	1
Building Safety	73	92	21
Dairy Products Commission	5		
Idaho State Lottery	5	41	11
Outfitters and Guides Licensing Board	1	4	11
Public Works Contractors State License Board	1	5	0
State Board of Education			
Idaho School for the Deaf and Blind	41	87	89
Idaho State Historical Society	12	36	13
Idaho State Library	5	42	10
Public Television	12	44	28
Vocational Rehabilitation	20	127	11
State Transportation	592	1,702	176
State Treasurer	1	12	2
Superintendent of Public Instruction	1	102	30
Water Resources	<u>58</u>	<u>166</u>	<u>28</u>
Total	3,477	10,867	2,531

<sup>a</sup> Includes only those agencies that were identified as owning or leasing passenger vehicles in fiscal year 1997.

<sup>b</sup> Includes classified and exempt employees, but excludes elected officials and board and commission members.

<sup>c</sup> Numbers are from 1996 survey information because 1997 information was unavailable.

<sup>d</sup> Does not include 55 vehicles that the Department of Lands loaned to rural community fire protection districts.

<sup>e</sup> Does not include 211 patrol cars.

Source: Office of Performance Evaluations analysis of the Office of Insurance Management Motorized Vehicle Survey responses, agency passenger vehicle data for selected agencies, and Division of Purchasing vehicle leasing information for fiscal year 1997; and Active Employee Count for January 1, 1997 compiled by the Office of the State Controller and the Idaho Personnel Commission.

fiscal year 1997.<sup>2</sup> As Table 1.3 shows, in fiscal year 1997 alone, agencies spent \$4.1 million on passenger vehicle purchases. A total of 238 passenger vehicles were purchased, at an average cost of \$17,191. Agencies also spent an estimated \$612,234 to lease passenger vehicles that year.

The state also incurs costs to operate and maintain these vehicles. We reviewed data from the Statewide Accounting and Reporting System (STARS) for fiscal year 1997. As shown in Table 1.4, agencies spent about \$10.3 million on vehicle operation and repair that year.<sup>3</sup> Almost \$4.8 million of this was for fuel, about \$179,000 for oil and lubricants, and more than \$5 million for maintenance and repair for all vehicles. Agencies also incurred expenses for vehicle registration, plates, emission testing, and comprehensive and collision insurance coverage.

**We estimate the state spent nearly \$42 million to purchase the vehicles it owned in fiscal year 1997.**

<sup>2</sup> Vehicle acquisition costs were obtained from the statewide electronic Fixed Asset System. The average acquisition cost for all vehicles in the system on March 5, 1998 was \$12,821 per vehicle. To estimate the total acquisition cost for state agency passenger vehicles, we multiplied the average acquisition cost by 3,245, the approximate number of passenger vehicles the state owned that year.

<sup>3</sup> STARS maintenance expense categories include costs to maintain all vehicles, including passenger vehicles. Expenses for fuel and lubricants include costs to operate all motorized equipment under 6,000 pounds. However, labor expenses do not include state employee personnel costs. As a result, some expenses are overstated, while others are understated.

**Table 1.3: State Expenditures for Purchasing and Leasing Passenger Vehicles, Fiscal Year 1997**

	<u>Total Dollars Spent</u>	<u>Number of Vehicles</u>
Vehicles purchased	\$4,091,378	238
Vehicles leased	<u>612,234</u>	<u>232</u>
Totals	\$4,703,612	470

Source: Office of Performance analysis of Division of Purchasing data.

**Table 1.4: State Expenditures for Selected Vehicle Operating and Maintenance Costs, Fiscal Year 1997**

<u>Expenditure Type</u>	<u>Total Spent</u>
Fuel (gasoline, diesel, gasohol) <sup>a</sup>	\$4,775,976
Oil and lubricants <sup>a</sup>	179,041
Maintenance and repair labor <sup>b, c</sup>	2,632,927
Maintenance and repair supplies <sup>c</sup>	2,585,624
Registration, plates, emission testing	50,298
Comprehensive and collision insurance	<u>99,065</u>
Total	\$10,322,931

<sup>a</sup> Includes expenditures for all motor driven equipment less than 6,000 pounds.

<sup>b</sup> Does not include labor charges for agency personnel that work on agency's own vehicles. These charges are recorded in STARS as salary and wages.

<sup>c</sup> Includes expenditures for maintenance and repair work for all types of vehicles, not just passenger vehicles.

Source: Office of Performance Evaluations analysis of Statewide Accounting and Reporting System (STARS) data for fiscal year 1997.

## Structure of Fleet Management Efforts

### States vary in the degree of central management over their vehicle fleets.

States manage their fleets in different ways. A 1997 survey of states conducted by the Missouri Council on Efficient Operations found that nine states had decentralized fleets and eleven had centralized fleets.<sup>4</sup> Two of the nine states with non-centralized fleets had statewide fleet managers. In contrast, nine of eleven states with centralized fleets had a designated fleet manager with support staff. Even in these states, however, the level of centralization varied. For example, some agencies, such as the transportation department, highway patrol, and universities, continued to operate their own fleets, under a statewide structure that was administered centrally.

About 25 years ago, Idaho experimented with centralized fleet management. In 1974, the Legislature authorized the Department

<sup>4</sup> Missouri Council on Efficient Operations, *Vehicle Management in State Government: An Analysis of Practices and Methods*, (January 1998).

of Administration's Division of Purchasing to oversee fleet management. Idaho Code § 67-5738 authorized Purchasing to:

- Establish and operate a state car pool system;
- Provide for the storage, maintenance, and repair of all vehicles in the pool;
- Require agencies to keep and report operation and maintenance costs for state-owned vehicles; and
- Develop rules and regulations regarding the custody, care, maintenance, and use of all state-owned vehicles.

However, the car pool was operated as a "feasibility experiment," and agencies were not required to participate.<sup>5</sup> As a result, few vehicles were ever centrally managed; at its peak in 1976, 36 vehicles were in the state pool. Given its limited success, the pool was functionally disbanded in 1981, and, in 1991, the code provisions were repealed as a housekeeping measure.

Except for this experiment with a small central car pool, Idaho has kept the management of state vehicles decentralized. Each agency has been responsible for managing its own fleet of vehicles. Agencies:

- Decide the number and types of vehicles in their fleets, although these decisions are generally subject to executive and legislative budget approval.
- Determine how vehicles are allocated and used for their operations. For example, agencies decide when employees will be assigned vehicles and when vehicles will be shared or pooled.
- Maintain and repair their vehicles using staff mechanics, services of other agencies, or private repair shops.
- Decide when vehicles should be disposed of or replaced. While there are broad guidelines for vehicle replacement, each agency may adopt its own vehicle disposal and replacement plan.

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**Idaho experimented with centralized fleet management in the late 1970s and early 1980s.**

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**Otherwise in Idaho, agencies have been responsible for managing their own vehicle fleets.**

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<sup>5</sup> Bureau of Management Analysis and Information Systems, Idaho Division of Budget, Policy Planning, and Coordination, *The Interagency Motor Pool Service of the Department of Administration*, (September 1976).

- May adopt their own policies, record keeping systems, and approaches to monitoring their fleets.

## Evaluation Approach and Methods

We focused our review on three key aspects of fleet operations:

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### We reviewed agency practices related to vehicle use, maintenance, and disposal.

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- **Vehicle use.** Efficient fleet management systems fully use passenger vehicles, measured in terms of miles driven or days used per year. By fully using vehicles, agencies are able to optimize the number of vehicles in their fleets. Research has shown that controlling the size of the fleet is the best way to control costs.<sup>6</sup>
- **Vehicle maintenance.** To ensure that vehicles are safe and reliable to use, effective fleet management systems routinely perform preventive maintenance at established intervals. Regular maintenance also has been found to prolong vehicle life. Agencies that stick to preventive maintenance schedules can minimize overall vehicle costs.<sup>7</sup>
- **Vehicle disposal and replacement.** Effective fleet management systems seek to dispose of vehicles at the point which optimizes their return on investment, prevents excessive maintenance and operating costs, and minimizes problems with vehicle liability, reliability, and safety.<sup>8</sup>

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<sup>6</sup> Edwards, Robert G. *Public Automotive Fleet Administration: Volume 1*, (1983); United States General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, (December 1994); and Missouri Council on Efficient Operations, *Vehicle Management in State Government*, (January 1998); Montana Legislative Audit Division, *Vehicle Fleet Management*, (February 1996); and Oregon Secretary of State, *A Review of Vehicle Fleet Management Practices*, (December 1995).

<sup>7</sup> National Association of Fleet Administrators, Inc., *The Fleet Manager's Manual*, (1983); GE Capital Fleet Services, *1998 Route to Excellence: Fleet Management and Vehicle Guide*, (1998); and State of Montana, Legislative Audit Division, *Vehicle Fleet Management*, (February 1996).

<sup>8</sup> National Association of Fleet Administrators, Inc., *The Fleet Manager's Manual*, (1983); Oregon Audits Division, *A Review of Vehicle Fleet Management Practices*, (December 1995); State of Montana, Legislative Audit Division, *Vehicle Fleet Management*, (February 1996).

To assess Idaho's performance in these areas, we:

- Reviewed information concerning state agency passenger vehicles from the Office of Insurance Management's Motorized Vehicle Survey, the Fixed Asset System, Gas Card, and agency records.
- Gathered information on vehicle costs for fiscal year 1997 from the Statewide Accounting and Reporting System and the Division of Purchasing;
- Surveyed 118 employees with vehicle responsibilities in 17 state agencies, representing 94 percent of the state's passenger vehicle fleets, regarding agency vehicle use policies, information systems, and monitoring efforts;
- Examined preventive maintenance information agencies provided concerning oil changes, brake inspections, and tire rotations for a sample of 323 vehicles;
- Reviewed information regarding 297 passenger vehicles disposed of by 17 state agencies in fiscal year 1997;
- Interviewed agency managers in three of the five agencies with the largest fleets, as well as 16 managers and staff with responsibilities for vehicles in other selected agencies and agency subunits;
- Examined available studies of fleet management systems at the federal level and in other states; and
- Reviewed information from fleet management experts such as the National Association of Fleet Administrators, Inc.; the National Conference of State Fleet Administrators; Peterson, Howell, and Heather FleetAmerica; and Runzheimer International.

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**We compiled information about state vehicles from all statewide data systems, agency surveys, and interviews.**

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# Vehicle Use, Maintenance, and Disposal

## Chapter 2

We examined state passenger vehicle use, maintenance, and disposal to assess fleet operations. Our review disclosed potential opportunities to reduce costs and increase efficiency. During fiscal year 1997, many state passenger vehicles were driven less than half the mileage standard for public sector fleets. Also, agencies did not provide timely oil changes and other preventive maintenance for a number of vehicles we sampled, increasing the likelihood of higher repair costs, decreased reliability and safety, and greater vehicle downtime. Finally, agencies retained older vehicles beyond the recommended vehicle disposal point, potentially increasing fleet operating costs and safety concerns, and reducing resale revenues.

During fiscal year 1997, the state could have reasonably driven the same number of miles with about 475 fewer vehicles had agencies used their vehicles more fully. This, in turn, was approximately half the number of vehicles the state owned in fiscal year 1997 that were either at or beyond the point, in terms of age, at which they should have been disposed. In this chapter, we review the fiscal impact of improvements in these areas. In Chapter 3, we discuss how future costs may be avoided if “extra” vehicles are not replaced, examine potential causes of poor vehicle management, and provide recommendations for improvement.

### Vehicle Use

According to fleet management experts, management of fleet use requires various types of information about vehicle use. The most commonly used measure of fleet use is annual vehicle mileage.<sup>1</sup>

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<sup>1</sup> 1998 Federal Motor Vehicle Fleet Report, Glossary; National Association of Fleet Administrators, Inc., *Benchmarking for Quality in Public Service Fleets*, (1993); and Arizona Office of the Auditor General, *Performance Audit: Arizona Department of Transportation*, (October 1997).



While vehicle mileage is an important indicator of fleet use, information regarding the frequency and purpose of vehicle use would also be needed to fully assess whether agencies have the appropriate number and mix of vehicles, and whether these vehicles are appropriately distributed. In this report we rely on annual vehicle mileage because information about the frequency of vehicle use and vehicle purpose is not available statewide.

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**Nationally, the mileage standard for passenger vehicles in public sector fleets is about 12,000 miles per year.**

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Nationally, annual mileage standards for public sector fleets generally call for passenger vehicles to be driven about 12,000 miles per year on average.<sup>2</sup> According to a 1993 survey of actual fleet mileage by the National Association of Fleet Administrators, the average mileage for sedans in public sector fleets was 12,000 miles per year, while light trucks were driven 11,000 miles per year on average. However, mileage of the vehicles in the survey varied. The lowest 20 percent of sedans averaged 8,500 miles and the highest 20 percent averaged 15,560. The lowest 20 percent of light trucks averaged 8,430 and the highest 20 percent averaged 15,000.

Variation in the ways vehicles are used may account, in part, for variation in vehicle mileage. For example, agencies use some vehicles to cover large geographic areas, while others are used to circulate in a restricted area. Also, some vehicles classified as passenger vehicles may have specialized purposes such as snow removal, maintenance, or fire fighting support that limit the miles they are driven. As a result, some vehicles legitimately may be driven less than the nationally-recognized standard of 12,000 miles per year.

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**To allow for legitimate low-mileage exceptions due to special uses, we compared vehicle use in Idaho to *half* the mileage standard.**

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To determine annual mileage for Idaho's passenger vehicles, we used the vehicle mileage information agencies reported to the Office of Insurance Management in its annual Motorized Vehicle Survey. Supplementing this information with agency data, we were able to determine annual mileage for 2,666 (77 percent) of

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<sup>2</sup> *Governing*, "City & State/Stone & Webster 1993 Government Fleet Survey," (1993), p. 4; Missouri Council on Efficient Government, *Vehicle Management in State Government*, (January 1998), p. 18; Oregon Secretary of State, Audits Division, *A Review of Vehicle Fleet Management Practices*, (December 1995), p. 17; Minnesota Department of Administration, *Minnesota Travel Management: Central Motor Pool*, (February 1994), cites annual mileage standards for states of Oregon (12,000 annual miles) and Virginia (15,200 annual miles); State of Utah, *Motor Pool Policies and Procedures Guide*.

the 3,477 passenger vehicles the state owned or leased during fiscal year 1997.<sup>3</sup>

To allow for legitimate low-mileage exceptions due to special uses, we compared the annual mileage of vehicles for which information was available to *half* the nationally-recognized standard, or 6,000 miles per year. We found:

- **About one-third of the vehicles were driven less than half the nationally-recognized standard during fiscal year 1997.**

In Idaho in fiscal year 1997, passenger vehicles were driven 10,860 miles on average. However, as shown in Table 2.1, 876 of the 2,666 vehicles (33 percent) had been driven fewer than 6,000 miles during the year. More than half of these vehicles (476) were driven fewer than 3,000 miles during the year. As shown, 94 vehicles were not driven at all during the year.

Because pickups and vans are more likely than sedans to be used for specialized purposes, we compared the average mileage for these groups. We found:

- **During fiscal year 1997, sedans were as likely as pickups and vans to be driven less than 6,000 miles during the year.**

During the year, 31 percent of pickups and vans were driven less than 6,000 miles while 35 percent of sedans were driven less than 6,000 miles. On average, pickups and vans were driven 11,673 miles during the year, while sedans, on average, were driven 9,299 miles during the year.

We looked for variation in vehicle mileage by agency. We found:

- **During fiscal year 1997, nearly all agencies had low mileage vehicles, although the percent of low mileage vehicles varied by agency.**

A total of 36 departments or agency subunits owned or leased the 2,666 vehicles in our sample. As Table 2.2 shows, all but 9

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**One-third of passenger vehicles were driven less than 6,000 miles during the year.**

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**Sedans averaged fewer miles during the year than did light trucks and vans.**

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<sup>3</sup> In a few instances, we relied on 1996 data when fiscal year 1997 data was unavailable, incomplete, or inaccurate.

**Table 2.1: Annual Vehicle Mileage, Fiscal Year 1997**

<u>Miles Driven</u>	<u>Number of Vehicles</u>	<u>Cumulative Total</u>
0	94	94
1–2,999	382	476
3,000–5,999	400	876
6,000–8,999	425	1,301
9,000–11,999	394	1,695
12,000–14,999	285	1,980
15,000–17,999	217	2,197
18,000–20,999	139	2,336
21,000–23,999	105	2,441
24,000–26,999	77	2,518
27,000–29,999	49	2,567
30,000–32,999	37	2,604
33,000–35,999	23	2,627
36,000–38,999	19	2,646
39,000 or more	20	2,666

Source: Office of Performance Evaluations analysis of data from the Office of Insurance Management and state agencies.

**In 9 agencies, more than half of all passenger vehicles were driven less than 6,000 miles.**

agencies had vehicles that were driven fewer than 6,000 miles during the year. Also, in 9 of the 36 agencies (25 percent), over half of the vehicles had been driven fewer than 6,000 miles.

As shown, the extent of low mileage vehicles per agency varied. For example:

- Vehicles in the Department of Health and Welfare's fleet averaged 5,257 miles during fiscal year 1997. About 39 percent of their vehicles were driven less than 3,000 miles during the year.
- Vehicles in the Department of Parks and Recreation's fleet averaged 6,532 miles during fiscal year 1997. About 57 percent of their vehicles were driven less than 6,000 miles during the year while 28 percent were driven less than 3,000 miles during the same period.

**Table 2.2: Number of Agency Vehicles and Percent Driven Below Half the National Standard, Fiscal Year 1997**

<u>Agency</u>	<u>Number of Passenger Vehicles</u>	<u>Number (Percent) of Vehicles Driven Below 6,000 Miles/Year</u>	
Administration	29	9	(31)%
Agriculture	56	2	(4)
Attorney General	7	0	(0)
Commerce	1	0	(0)
Correction	251	76	(30)
Finance	7	2	(29)
Fish and Game	299	41	(14)
Governor, Executive Office of the			
Disaster Services	7	2	(29)
Financial Management	1	0	(0)
Idaho Commission on Aging	1	1	(100)
State Liquor Dispensary	4	0	(0)
Health and Welfare	451	288	(64)
Division of Environmental Quality	60	19	(32)
Health Districts I–VII	151	30	(20)
Industrial Commission	29	16	(55)
Insurance	4	0	(0)
Judicial Branch	1	1	(100)
Juvenile Corrections	34	25	(74)
Labor	25	9	(36)
Lands	222	95	(43)
Law Enforcement	112	62	(55)
Parks and Recreation	113	64	(57)
Revenue and Taxation	24	1	(4)
Self-Governing Agencies			
Board of Medicine	1	1	(100)
Board of Pharmacy	2	0	(0)
Building Safety	60	3	(5)
Dairy Products Commission	4	0	(0)
Idaho State Lottery	5	2	(40)
Outfitters and Guides Licensing Board	1	0	(0)
State Board of Education			
Idaho School for the Deaf and Blind	37	15	(41)
Idaho State Historical Society	10	7	(70)
Idaho State Library	5	1	(20)
Public Television	10	4	(40)
Vocational Rehabilitation	20	1	(5)
State Transportation	563	78	(14)
State Treasurer	1	0	(0)
Water Resources	<u>58</u>	<u>21</u>	(36)
Total	2,666	876	

Source: Office of Performance Evaluations analysis of data from the Office of Insurance Management Survey and state agencies.

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**The state could save money by eliminating a portion of low mileage vehicles, and more fully using those vehicles that remain.**

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- Vehicles in the Department of Lands' fleet averaged 7,541 miles during fiscal year 1997. About 43 percent of their vehicles were driven less than 6,000 miles during the year while 27 percent were driven less than 3,000 miles during the same period.
- Vehicles in the Transportation Department's fleet averaged 13,818 miles during fiscal year 1997. About 14 percent of their vehicles were driven less than 6,000 miles that year.

**Low average mileage for passenger vehicles has budget implications.**

Fleet management experts maintain that low average mileage is one indicator that a fleet has too many vehicles or is not using them sufficiently.<sup>4</sup> To the extent that low mileage occurs for reasons other than using vehicles for specialized purposes, the state may be able to reduce costs. In Idaho, reductions could come in two ways: (1) reducing the number of vehicles; or (2) increasing the use of state agency vehicles while reducing the use of employee owned vehicles for state purposes.

We found:

- **Based on annual mileage, the state would have needed about 475 fewer vehicles in fiscal year 1997 if all remaining vehicles had been driven at least 6,000 miles that year.**

We calculated the number of vehicles that would not have been needed if all vehicles driven less than 6,000 miles had been driven 6,000 miles during fiscal year 1997. The same number of fleet miles could have been driven with about 475 fewer vehicles. We acknowledge that it may not be possible or even desirable to eliminate all passenger vehicles that were driven less than 6,000 annual miles. Some passenger vehicles will be reasonable exceptions to a mileage standard. For example, a light truck used primarily for plowing snow likely would not be driven to this extent. However, the number of vehicles driven less than 6,000 miles is large enough to indicate that meaningful reduction in fleet size may be possible.

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**While some vehicles cannot be expected to meet the annual mileage standard, the number of low mileage vehicles suggests a reduction in fleet size may be possible.**

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<sup>4</sup> Edwards, Robert G., *Public Automotive Fleet Administration: Volume 1*, (1983); National Association of Fleet Administrators, *Benchmarking for Quality in Public Service Fleets*, (1993).

Limited one-time funds could be obtained if extra vehicles were disposed of. Based on the median resale revenue the Transportation Department received for the passenger vehicles it disposed of in fiscal year 1997, the state could generate one-time revenue of approximately \$750,000 from the sale of 475 comparable vehicles.<sup>5</sup>

Furthermore, each extra vehicle incurs operating costs to purchase fuel, oil, and tires, as well as costs to maintain and repair the vehicle, vehicle registration and insurance, and, for vehicles located in Ada County, emissions testing. Operating and maintenance cost reductions from reducing the overall fleet size may be partially offset by increases in some costs for the vehicles retained.

Finally, under the current system for state vehicle replacement, we estimate that about 475 vehicles will be replaced over the next two years.<sup>6</sup> In Chapter 3, we calculate and discuss the costs that could be avoided if they were not replaced.

As an alternative to reducing the number of vehicles, agencies could increase use of their vehicles, while reducing use of employees' privately owned vehicles for state use.

We looked at the amount agencies reimbursed employees to use their vehicles for work purposes. We compared this information to agency use of owned or leased vehicles in fiscal year 1997. We found that in fiscal year 1997:

- **If agency vehicles had been more fully used, the state may have been able to avoid up to \$534,000 in reimbursement to employees for use of their private vehicles.**

State travel regulations allow agencies to reimburse an employee for use of a privately owned vehicle “whenever it is more practical or beneficial to the state’s mission than transportation by . . . state vehicle.”<sup>7</sup> During fiscal year 1997, the reimburse-

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**Fuller use of vehicles could lead to reduced state costs for use of employee-owned vehicles.**

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<sup>5</sup> According to the Idaho Transportation Department, the agency received a median amount of \$1,575 per vehicle disposed of in fiscal year 1997. Vehicles averaged 11 years old.

<sup>6</sup> According to the Division of Purchasing, 238 passenger vehicles were purchased during fiscal year 1997.

<sup>7</sup> Idaho State Board of Examiners, *Travel Regulations, Procedures and Policies: State of Idaho*, (effective July 1, 1996).

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**In fiscal year 1997, the state spent more than \$2 million to reimburse employees for using their private vehicles for work purposes.**

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**Some agencies had many low mileage vehicles and a high amount of reimbursement for private vehicle use.**

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ment rate was 26 cents per mile, unless a state vehicle was available for the employee's use. If an employee chose to drive his or her own vehicle even though a state vehicle was available, the reimbursement rate was half the full amount, or 13 cents per mile.

During fiscal year 1997 the state spent \$2,093,893 to reimburse employees for using their private vehicles for work purposes. This amount represents reimbursement for a minimum of 8 million miles of travel. About 2.9 million of these miles could have been driven on state vehicles rather than private vehicles had all 876 vehicles that fell below 6,000 miles been driven 6,000 miles during the year. This could have resulted in approximately \$534,000 in savings for the year.<sup>8</sup> However, we acknowledge that using a state vehicle instead of a privately owned vehicle is not possible or desirable in every case.

We examined which agencies had vehicles *and* reimbursed for privately owned vehicle use. Several agencies had both a high amount of reimbursement for private vehicle use and high number of vehicles that were driven less than half the nationally-recognized mileage standard. Table 2.3 shows reimbursement expenditures and agency fleet size for the ten agencies with the highest amount of reimbursement for private vehicle use in fiscal year 1997.

As indicated, employees of the Health Districts were reimbursed for driving a minimum of about 1.5 million miles. At the same time 20 percent of their vehicles were driven less than 6,000 miles during the year. Department of Health and Welfare employees were reimbursed for driving a minimum of approximately 412,422 miles, while 60 percent of its vehicles were driven less than 6,000 miles during the year.

### **Preventive Maintenance**

Fleet management experts recommend that preventive maintenance be performed at established time or mileage intervals

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<sup>8</sup> This calculation represents estimated net savings in using state vehicles instead of privately owned vehicles. The calculation accounts for state vehicle operating costs of 7.3 cents per mile for gasoline, oil, and maintenance and repair. Operating cost estimates were derived from industry fleet management cost projections. A complete analysis of cost savings would review the number of days vehicles were in use during the year as well as vehicle location. However, these data were not available on a statewide basis.

**Table 2.3: Private Vehicle Reimbursement and Vehicles Driven Below 6,000 Miles, by Agency, Fiscal Year 1997**

Agency <sup>a</sup>	Private Vehicle Reimbursement	Number of Miles Represented <sup>b</sup>	Total Fleet <sup>c</sup>	Number (Percent) of Vehicles Driven <6,000 Miles	
Health Districts I–VII	\$ 385,889	1,484,187	151	30	(20)%
Agriculture	328,516	1,263,523	56	2	(4)
Judicial	196,403	755,397	1	1	(100)
Health and Welfare	107,230	412,422	511	307	(60)
Transportation	84,993	326,897	563	78	(14)
Law Enforcement <sup>d</sup>	53,765	206,787	112	62	(55)
Labor	50,104	192,708	25	9	(36)
Fish and Game	49,022	188,547	299	41	(14)
Lands	46,792	179,970	222	95	(43)
Insurance	<u>36,199</u>	<u>139,228</u>	<u>4</u>	0	(0)
Total for these agencies	\$1,338,913	5,149,666	1,944		

<sup>a</sup> These are the ten agencies with the highest expenditures in private vehicle reimbursement in fiscal year 1997. Does not include universities.

<sup>b</sup> Minimum amounts, as they were calculated assuming reimbursement at \$0.26 per mile.

<sup>c</sup> Only includes vehicles that had sufficient mileage and identification information.

<sup>d</sup> Also includes the Brand Board and Racing Commission.

Source: Statewide Accounting and Reporting System (STARS); and Office of Performance Evaluations analysis of data from the Office of Insurance Management and state agencies.

to prolong the useful life of the car, prevent breakdowns, keep vehicles safe, avoid costly repairs, and enhance resale value.<sup>9</sup> We reviewed Idaho’s vehicle maintenance in terms of three key preventive maintenance procedures: oil changes, brake inspections, and tire rotations. According to generally accepted industry standards, oil changes should be performed every 3,000 miles or 3 months; tire rotations should be performed every 6,000 miles; and brake inspections should be performed every 12,000 miles.<sup>10</sup>

**Timely and consistent preventive maintenance can help avoid costly repairs and prolong the life of the vehicle.**

<sup>9</sup> G. E. Capital Fleet Services, *1998 Route to Excellence—Fleet Management Vehicle Guide*, pp. 38–39; State of Montana, Legislative Audit Division, *Vehicle Fleet Management*, 1996, pp. 26, 28.

<sup>10</sup> PHH Fleet America, *Fleet Management Perspective 1993*; Car Care Council, *Maintenance Awareness Program*, (1998).



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**We measured preventive maintenance performance against standards less stringent than industry standards.**

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To accommodate agency workloads and allow for reasonable delays in scheduling and performance of vehicle maintenance, we evaluated agency vehicle maintenance against less stringent standards. We reviewed agency procedures against the following guidelines:

- Oil changes performed every 6,000 miles or 180 days;
- Tire rotations performed every 9,000 miles; and
- Brake inspections performed every 15,000 miles.

We examined the maintenance performed on a sample of 12 percent of passenger vehicles from each of the 17 agencies we surveyed. We asked agencies to report the date and odometer readings of the two most recent oil changes, tire rotations, and brake inspections for each vehicle in the sample. Agencies submitted one or more of the three pieces of information for 266 of the 323 vehicles (82 percent) in our sample. Agencies reported all three maintenance procedures requested for only 75 vehicles (23 percent).<sup>11</sup> Agencies reported on only one or two of the maintenance procedures for another 191 vehicles (59 percent).

Many vehicles in our sample exceeded our more lenient guidelines for preventive maintenance. Among those reporting oil change information, we found:

- **Just over half of the reporting vehicles received timely oil changes, although somewhat higher percentages received timely maintenance in other areas.**

More specifically:

**Oil changes.** Fifty-five percent of the vehicles for which oil change data were provided received service within our guidelines. However, 45 percent of the vehicles went longer than 180 days or

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<sup>11</sup> Agencies that did not submit records either did not complete the question or reported that: they had no record of the maintenance service; had not performed the service; or, no longer had the vehicle we requested information on. A number of agencies explained that what appeared to be untimely preventive maintenance was actually poor record keeping. We relied on agency information as submitted.

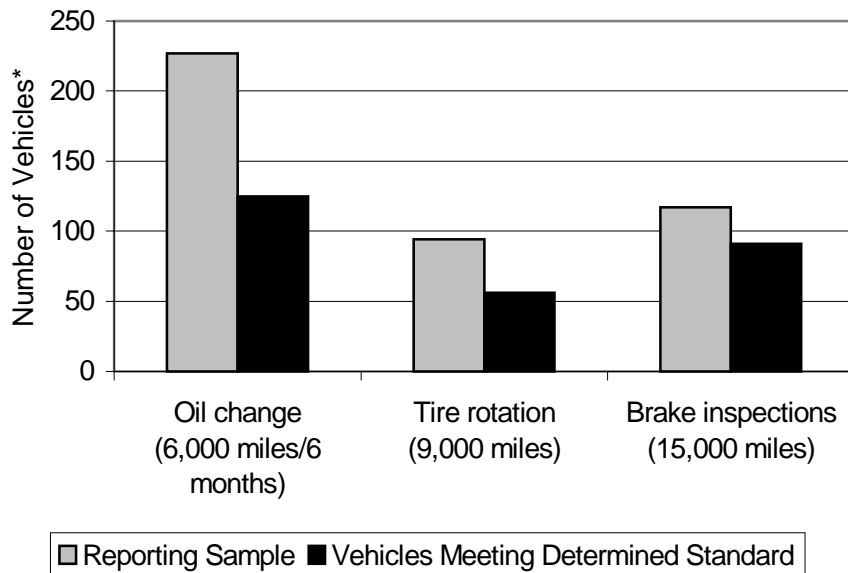
6,000 miles between oil changes. Fourteen percent of reporting vehicles went one year or more between oil changes.

**Tire rotations.** Sixty percent of the vehicles for which tire rotation records were provided received service within our guidelines. However, 40 percent of the vehicles went more than 9,000 miles between tire rotations. Of those that exceeded 9,000 miles, fifteen percent went more than 20,000 miles, and two percent went more than 50,000 miles.

**Brake inspections.** Seventy-eight percent of the vehicles for which brake inspection records were provided received service within our guidelines. However, 22 percent of the vehicles went more than 15,000 miles between inspections. Three percent went more than 35,000 miles.

**In 45 percent of the cases we reviewed, vehicles went more than six months or 6,000 miles between oil changes.**

**Figure 2.1: Number of Sampled Vehicles That Received Timely Preventive Maintenance by Procedure, Fiscal Years 1997 and 1998**



Source: Analysis of agency responses to Office of Performance Evaluations survey.

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**In at least eight instances, untimely preventive maintenance may have resulted in the state breaching vehicle warranties.**

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### **Untimely maintenance can have negative results.**

Overall, timely maintenance helps reduce vehicle repair costs, improves resale value, and enhances vehicle safety and reliability.<sup>12</sup>

An analysis of the impact untimely preventive maintenance could have on the lifetime cost of owning a vehicle would have required a review of repair costs for each state vehicle, and was beyond the scope of this report. However, we learned that untimely, preventive maintenance can lead to the voiding of manufacturer warranties. Going more than 6,000 miles between oil changes may result in a breach in manufacturer warranty and could result in lack of coverage for repairs needed during the warranty period, costs which the state indirectly incurred at purchase. During the course of our review, we learned of eight late model vehicles that had gone more than 6,000 miles between oil changes. Together these vehicles cost approximately \$118,000 to purchase, based on the average 1997 fiscal year state contract for similar vehicles.<sup>13</sup>

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**In public sector fleets, policies generally call for vehicles to be disposed of between 80,000 and 100,000 miles.**

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### **Vehicle Disposal**

According to fleet management experts, vehicles should be disposed of in a timely fashion to avoid the declining vehicle performance associated with aging vehicles and the associated rising costs and safety risks.<sup>14</sup> A vehicle's optimum "disposal point" is recognized as the point at which the vehicle's age and mileage make it cost effective to dispose of it. Our review of studies on fleet management showed that disposal points typically vary according to vehicle class. In general, disposal points for pickups and vans are slightly higher than those for sedans, but both tend to fall between 80,000 and 100,000 miles for public sector fleets.<sup>15</sup> If a vehicle is driven the anticipated 12,000 miles

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<sup>12</sup> G. E. Capital Fleet Services, *1998 Rate to Excellence—Fleet Management and Vehicle Guide*, (1998), pp. 38–39; Montana Legislative Audit Division, *Vehicle Fleet Management*, (1996), pp. 26, 28.

<sup>13</sup> From the Division of Purchasing, 1997 statewide definite quantity contract.

<sup>14</sup> Institute of Public Administration, Penn State University, *Productivity Improvement Analysis: Motor Vehicle Replacement*, (1977), p. 9.

<sup>15</sup> National Conference of State Fleet Administrator, *1997 Annual Public Sector Fleet Survey*, (June 1997). *Governing*, "City & State/Stone & Webster 1993 Government Fleet Survey," (1993), p. 4; Missouri Council on Efficient Government, *Vehicle Management in State Government*, (January 1998), p. 19; Oregon Secretary of State, Audits Division, *A Review of Vehicle Fleet Management Practices*, (December 1995), p. 10.

per year, it will reach the optimal disposal point between seven and eight years of age.

In Idaho, the Division of Financial Management (DFM) has established vehicle disposal guidelines for agencies to use when determining whether to replace aging vehicles. In its Budget Development Manual, DFM directs agencies to consider its vehicle disposal guidelines of 75,000 to 100,000 miles when requesting authority to replace a vehicle.<sup>16</sup> DFM also directs agencies to consider the condition of a vehicle in making a disposal decision, acknowledging that mileage is only one indicator of a vehicle's condition.

In our survey of 17 state agencies, we asked how many vehicles the agencies disposed of in fiscal year 1997 and each vehicle's model year and mileage at the time of disposal. Fourteen agencies reported having disposed of one or more vehicles that year. Together, these 14 agencies disposed of 297 vehicles. Agencies provided disposal odometer readings for 269 (91 percent) of these vehicles. We found:

- **Two-thirds of the vehicles agencies disposed of in fiscal year 1997 exceeded 100,000 miles at the time of disposal, the upper limit of nationally-recognized disposal points and disposal guidelines provided by DFM.**

Of the 269 vehicles for which disposal mileage was known, 178 (66 percent) exceeded 100,000 miles at the time of disposal. Nearly half of those (85 of 178) exceeded 125,000 miles. The average mileage for all 269 vehicles was 113,098 miles at the time of disposal.

Although most vehicles had higher mileage at disposal than recommended nationally and under Idaho guidelines, state agencies were consistent with actual practice in a number of other states. For example, public sector fleets in 15 states that responded to a recent survey conducted by the National Conference of State Fleet Administrators reported that, on average, their vehicles had a mileage of 116,000 miles at the time of disposal during fiscal year 1997, similar to Idaho's average of about 113,000 miles in the same year.

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<sup>16</sup> Division of Financial Management, *Budget Development Manual, FY 2000*, (1998), p. 41.

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**In fiscal year 1997, vehicles averaged 113,098 miles and 11 years of age at the time of disposal.**

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**Almost two-thirds of vehicles disposed of in fiscal year 1997 exceeded the upper limit of disposal guidelines.**

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However, Idaho agencies drove their vehicles fewer miles per year, on average, than the states responding to the fleet administrators' survey. The average age of Idaho's vehicles that were disposed of was approximately 11 years, while surveyed states reported that their vehicles averaged 8 years old when disposed of.<sup>17</sup>

**Keeping vehicles beyond optimal disposal points can result in lower resale value and increased operating costs.**

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**Resale revenues would increase if vehicles were disposed of on a more timely basis.**

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We compared the potential resale value for vehicles disposed of on a timely basis with the revenue generated from the higher mileage vehicles agencies disposed of in fiscal year 1997. We also examined the impact more timely disposal might have on the overall costs of vehicle ownership. We found:

- **More timely vehicle disposal could increase one-time revenue to the state.**

Based on our review of resale values for two common vehicle models found in the state's fleets, we estimate that the state could have generated an additional \$1,675 per vehicle, on average by selling vehicles at 8 rather than 11 years of age.<sup>18</sup>

Furthermore, we found:

- **Approximately one-third of the state's existing passenger vehicles are at least eight years old, the age at which fully-used vehicles reach the optimal disposal point.**

As shown in Table 2.4, 901 of the 2,666 passenger vehicles (34 percent) we reviewed were at least 8 years old, the age at which fully used vehicles reach the optimal disposal point. The average age for this older third of the state's vehicles was 11 years. However, approximately half (426) of these 901 vehicles were 8 or 9 years old. If these vehicles were disposed of at this point

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**About one-third of the passenger vehicles we reviewed were eight years or older in fiscal year 1997.**

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<sup>17</sup> This appears to indicate that the responding states drove their vehicles more miles each year than did Idaho agencies, consistent with our earlier finding that Idaho vehicles on average used less each year than the national norm.

<sup>18</sup> N.A.D.A., *Official Used Car Guide*, 1998, pp. 24–25, 186–187. Values based on two models found in the state fleet—Ford Taurus and Ford F-150 pickup.

rather than when they reach an age of 11 years (the average age of disposal in fiscal year 1997), we estimate the state could have received an additional \$575,000 in resale revenue from these vehicles.<sup>19</sup>

Agencies indicated that they often held onto older vehicles because there was little cost associated with keeping them. We looked at the impact more timely disposal might have on ongoing operating costs. We found:

- **In some instances, older vehicles incurred repair costs disproportional to the number of miles they were driven.**

**Older vehicles may incur higher repair costs.**

For example:

- A 1977 Dodge pick-up, which was used nine times for a total of 353 miles during fiscal year 1997, incurred \$839.75 in maintenance and repair costs. This amounts to \$93.31 per trip or \$2.38 per mile.
- A 1987 Ford Tempo was used for 12 trips and 120 total miles. The vehicle had \$266.58 in maintenance and repairs. This amounts to \$22.22 per trip or \$2.22 per mile.

<sup>19</sup> According to the National Association of Automobile Dealers of America, resale at 8 years instead of 11 years may result in an additional \$1,675 per vehicle, assuming a constant rate of mileage accumulation.

**Table 2.4: Age of Identified State Vehicles, Fiscal Year 1997**

<u>Age of Vehicles</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>
<3 years	466	18%
3–5 years	615	23
6–7 years	684	26
8–9 years	426	16
≥10 years	<u>475</u>	<u>18</u>
	2,666	100% <sup>a</sup>

<sup>a</sup> Numbers may not sum due to rounding.

Source: Office of Performance Evaluations analysis of data from the Office of Insurance Management and state agencies.

- A 1982 Ford van was driven an estimated 2,496 miles during fiscal year 1997 while estimated maintenance and repair costs were \$1,168 or 47 cents per mile.
- A 1955 Dodge truck incurred \$430.26 in maintenance and repairs while not being driven at all during fiscal year 1997.<sup>20</sup>

On average, agencies drove older vehicles fewer miles than newer vehicles. During fiscal year 1997, vehicles eight years old and older were driven about 6,243 miles during the year, compared to an annual average of 13,217 miles for those vehicles under eight years old. These data suggest that agencies should closely examine the costs of keeping older vehicles.

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<sup>20</sup> According to agency staff, the vehicle has since been disposed of.

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# Fleet Management

## Chapter 3

We examined agency and statewide vehicle management to determine the extent to which they impacted the problems with vehicle use, maintenance, and disposal described in Chapter 2. We learned that many agencies lacked clear written policies, accurate and timely management information, or effective monitoring to ensure that vehicles are fully used and properly maintained. Similarly, state policy makers may not receive sufficient information about agency fleets to meet their needs in determining whether vehicle requests are justified. Other states have found that public sector fleets are managed more effectively and costs controlled more carefully when uniform policies, effective management information systems, and careful monitoring are in place. We recommend the Legislature take steps to ensure that these elements are in place to guide agency fleet management efforts. We also recommend that the Legislature consider establishing annual reporting requirements to provide information that could aid in reviewing agency vehicle requests.

### Essential Elements of Fleet Management

As described in Chapter 1, Idaho owned or leased 3,477 passenger vehicles in fiscal year 1997. These vehicles represent a significant investment to the state, calling for sound management. To determine what comprised an effective fleet management system, we reviewed a broad range of audits, evaluations, and studies examining fleet management in other states, federal agencies, and private industry. We found:

- **Three key elements are essential to cost-effective fleet management: clear written policies, accurate and timely management information, and regular monitoring.**
- **Policies.** Establishing written policies, procedures, and other guidance is essential to cost-effective fleet management.

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**Effective fleet management systems include standards, management information, and operations monitoring.**

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Policies can help control costs by setting performance and efficiency standards for agencies to follow.

- **Management Information.** Fleet managers need access to complete, accurate, and timely information concerning their fleets to track fleet operations and measure how actual fleet performance compares to established standards.
- **Monitoring.** Regular and ongoing review is needed for agencies to monitor fleet operations, assess compliance with established standards, and identify opportunities to improve cost-effectiveness.

## Agency Fleet Management

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**With few statewide policies or guidelines, agencies may develop their own fleet management policies and practices.**

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As noted in Chapter 1, management of Idaho’s passenger vehicle fleet is decentralized. Further, few statewide policies or guidelines specifically address fleet management.<sup>1</sup> Statutes assigning the Department of Administration overall authority for fleet management, including the development of rules and regulations, were repealed in 1991. In the absence of statewide guidance, agencies may develop their own fleet management policies and practices.

Because of the problems with fleet operations we identified in Chapter 2, we reviewed the policies agencies have in place, their data systems, and the efforts they make to monitor fleet operations. We found:

- **Agency management of vehicle use, maintenance, and disposal is generally inadequate.**

Many agencies lacked the policies, management information systems, or monitoring processes needed to ensure that passenger vehicles were fully used and properly maintained.

### *Policies and Guidelines*

To obtain information about agency fleet management policies and guidelines, we surveyed 118 employees with vehicle

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<sup>1</sup> In its Budget Development Manual, the Division of Financial Management has established guidelines for disposal, but no other statewide policies concerning fleet management have been developed.

responsibilities in 17 state agencies and reviewed copies of policies they submitted. We found that as of May 1998:

- **Many agencies had not established fleet management policies. When agencies reported having policies, they were often unwritten or informal.**

Our survey revealed that many departments or agency subunits did not have policies related to vehicle use, maintenance, and disposal. Specifically:

- 107 of 118 respondents (91 percent) said their agency units did not have a policy requiring passenger vehicles to be driven a certain number of miles or days per month or per year;
- 25 of 118 (21 percent) said their agency units did not have a policy concerning vehicle maintenance; and
- 64 of 118 respondents (54 percent) said their agency units did not have a policy concerning vehicle disposal and replacement.

Of those that had policies in these areas, many reported they were unwritten or informal. For example, 10 of 51 (20 percent) respondents that reported having policies regarding vehicle disposal said their policies were not written. Seven others (14 percent) said they had no policy, but described their informal practice. In addition, 2 of the 5 respondents that reported they had a vehicle use policy based on miles driven or frequency of use indicated their policy was unwritten.<sup>2</sup>

### *Management Information*

As part of our survey of agency staff, we asked about agency fleet management information. We also interviewed staff in several agencies, including three of the five agencies with the largest fleets, to learn more about their vehicle record keeping practices and management information systems. We found that during fiscal year 1997:

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**Many agencies did not have formal policies regarding their fleets' operations.**

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<sup>2</sup> The five other respondents who reported their agency units had a vehicle use policy said their policy was not based on miles driven or frequency of use. Instead, they reported they had policies such as "vehicles assigned to district with greatest need" and "vehicles driven equal miles across offices."

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**Agencies sometimes did not track key fleet information or keep it in a format to enable agency management to monitor their fleets.**

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- **Agencies sometimes did not track key fleet management information. When information was tracked, it was sometimes inaccurate or incomplete.**

Some agencies did not routinely track all of the information needed to effectively manage their fleets. For example, districts within the Department of Juvenile Corrections differed in the type of information they tracked, and did not consistently collect information concerning vehicle use or vehicle maintenance and repair costs. In addition, the Department of Health and Welfare did not consistently record information about vehicle maintenance and repair costs and how frequently vehicles were used in its Comprehensive Automobile Reporting System (CARS), although the system appears capable of tracking this information. Further, the Department of Lands reported keeping vehicle information in a largely decentralized fashion: while information concerning vehicle use and maintenance may have been tracked at the regional level, information was not readily available to central agency management.

Agency information concerning their fleets was also inaccurate or incomplete at times. For example, the Department of Health and Welfare's CARS system did not contain accurate and up-to-date information about vehicles in some agency units such as the State Hospitals, Bureau of Emergency Medical Services, and Division of Veterans Services. In addition, the Idaho Transportation Department told us the data regarding certain maintenance procedures in their Equipment Management System was inaccurate. The Division of Environmental Quality also reported having poor data in the area of routine maintenance. Inaccurate and incomplete data complicate agency managers' ability to monitor their fleets.

*Monitoring*

As part of our survey of agency staff, we asked about agency efforts to monitor fleet operations. We also conducted follow-up interviews with selected agency staff to learn more about their monitoring efforts. We found:

- **Agency monitoring of fleet use, maintenance, and disposal were generally limited.**

While at least one agency carefully tracked needed information about its fleet and reviewed it regularly, many agencies did not.

According to staff at the Idaho Transportation Department, fleet management responsibilities were assigned to staff at both the agency and district levels. Department staff regularly entered information about the fleet (e.g. vehicle odometer readings) into the department's Equipment Management System. District motor vehicle coordinators were responsible for monitoring and managing use. In addition, the agency's fleet manager met annually with district coordinators to review vehicle use. The fleet manager considered vehicle use information when examining district vehicle replacement needs.

On the other hand, 50 of the 118 (42 percent) staff we surveyed said their agency units did not monitor how frequently their passenger vehicles were used in fiscal year 1997. Further, as of May 1998:

- Fleet monitoring efforts within the Department of Juvenile Corrections were limited. At least one district monitored neither use nor maintenance. In addition, there was no uniform and systematic tracking of fleet use and vehicle costs at the agency level. Due to the lack of uniform criteria, incomplete fleet information, and the absence of a central reporting system the department could not adequately assess fleet use, maintenance, and disposal.
- Within the Department of Lands some monitoring responsibilities were delegated to the staff to which vehicles were assigned. For example, departmental policy delegated responsibility for vehicle maintenance to the staff to which the vehicle is assigned.
- The Department of Health and Welfare relied primarily on regional staff to manage its fleet resources. Agency management did not systematically and regularly review whether vehicles were being fully used or timely maintained. While the agency's automated CARS system could be used as a fleet management tool, agency managers used it primarily for cost allocation. In addition, agency management had not taken steps to assess the adequacy of regional monitoring efforts.

**Changes could help improve agency fleet management.**

The problems with low agency passenger vehicle mileage, lack of timely vehicle maintenance, and frequent disposal of vehicles

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**42 percent of agency staff surveyed said their agency units did not monitor vehicle use in fiscal year 1997.**

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**Several agencies we visited did limited central monitoring, relying instead on regional staff or vehicle drivers to monitor fleet operations.**

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**The problems with low mileage use of vehicles and untimely maintenance and disposal may be attributed, in part, to poor fleet management.**

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**Uniform statewide policies would make it easier for agencies to gauge their performance against other agencies.**

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beyond suggested mileage guidelines that were discussed in Chapter 2 may be attributed, in part, to inadequate agency fleet management. Non-existent and unwritten agency policies have resulted in there being insufficient guidance for the management of agency vehicles. Furthermore, the lack of statewide fleet management policies has impeded agencies from comparing their operations with those of other fleets in the state. Therefore:

*We recommend the Legislature consider requiring the development of statewide written policies concerning vehicle use, maintenance, and disposal to guide agency fleet management efforts.*

To guide fleet management, policies should set general standards for vehicle use, specify the types of vehicle use data agencies must maintain, and spell out minimum requirements for conducting vehicle use assessments. Similarly, policies should specify the performance standards, record keeping, and monitoring requirements for vehicle maintenance and disposal.

Adopting statewide fleet management standards would provide agency officials needed guidance in managing their fleets' operations. In addition, with uniform standards statewide, agencies would be able to benchmark their performance against that of other state agencies. According to the federal General Accounting Office, the use of benchmarking, or comparing agency fleet costs and performance with other agencies, can help identify cost-efficient fleet alternatives.<sup>3</sup> Figure 3.1 provides information as to what these policies could include.

Responsibility for developing statewide fleet management policies could be assigned to an agency with statewide purview, such as the state Department of Administration or Division of Financial Management. Further, to ensure special agency circumstances are considered, agencies with passenger vehicles could be consulted in the development of these policies. Involving agencies in policy development also would allow agencies to learn from each other. For instance, the Idaho Transportation Department appears to have a sound overall fleet management program and could provide valuable input in the development of statewide policies.

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<sup>3</sup> U.S. General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, (December 1994).

## Figure 3.1: Suggested Policies for Passenger Vehicle Fleets

### Vehicle Use

Policies could be established to set clear use standards for state agency passenger vehicle fleets. Such policies could include:

- Annual mileage standard. For example, standards nationally converged on 12,000 miles per year per vehicle. Establishing a mileage standard would set a clear target for vehicle use. For vehicles driven less than the standard, agencies could review the frequency and purpose of use to determine whether the low mileage was justified.
- Annual days-in-use standard. Some vehicles are driven few miles but are driven frequently. Establishing a standard for days-in-use would provide a yardstick for assessing whether low mileage vehicles are being regularly used.
- The types of information agencies must maintain to assess vehicle use.
- Standards for conducting vehicle use assessments.

### Vehicle Maintenance

Establishing policies to guide vehicle maintenance efforts could help ensure that preventive maintenance is performed in a timely fashion. Specifically, policies could specify:

- The mileage and time intervals at which various maintenance procedures are to be performed. Alternatively, policies could require agencies to establish vehicle-specific maintenance schedules based on the manufacturer's specifications;
- The maintenance and repair information the agency must maintain for its vehicles; and
- Minimum requirements for monitoring (e.g., frequency, process) to ensure that preventive maintenance is done.

### Vehicle Disposal

Enacting policies concerning vehicle disposal could help ensure that vehicles are disposed of within a reasonable time period after reaching the optimal disposal point. Policies could spell out:

- The age and mileage targets for vehicle replacement;
- The types of information agencies must maintain to determine when passenger vehicles should be replaced.

Source: Office of Performance Evaluations review of fleet management literature.

Insufficient tracking of vehicle use, maintenance, and disposal information restricts agencies' ability to effectively manage fleet operations. In addition, problems with the accuracy and completeness of agency data hinder management efforts. Therefore:

*We recommend that agencies develop effective data systems capable of recording and reporting information needed to assess fleet operations.*

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**Accurate and timely information is essential to cost-effective fleet management.**

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Improving fleet information and management systems would help to provide agency officials the information needed to manage their passenger vehicles. The federal General Accounting Office found that "to operate an efficient, low-cost fleet, a manager must have an information system that captures all direct and indirect costs associated with operating a vehicle."<sup>4</sup> The report also noted that "accurate and instantly available data are essential for the management of virtually every fleet activity."<sup>5</sup>

Agencies should collect the information needed to measure how actual fleet operations compare to established standards. Figure 3.2 identifies key types of information that are needed to effectively manage fleet operations in the areas of use, maintenance, and disposal.

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**Agencies should routinely keep information needed to assess fleet use, maintenance, and disposal.**

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Limited agency monitoring of passenger vehicle use, maintenance, and disposal restricts agencies' ability to assess fleet operations and ensure efficient use of vehicle resources. Therefore:

*We recommend that agencies conduct regular and ongoing reviews to assess fleet operations and ensure that necessary actions are taken to address identified deficiencies.*

Agency officials must routinely review information about vehicle use, maintenance, and disposal to gauge fleet operations and determine where adjustments are needed. As shown in Figure 3.3, a variety of ongoing monitoring efforts would be needed to ensure that agency fleets are well managed. For example,

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<sup>4</sup> U.S. General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, (December 1994), p. 24.

<sup>5</sup> Ibid.

## Figure 3.2: Suggested Fleet Information Requirements

### Basic Vehicle Information

Maintaining descriptive information about agency passenger vehicles provides the foundation for all other fleet information. Such information could include:

- Make and model of the vehicle;
- Vehicle identification number (VIN) and license number;
- Region or agency unit to which the vehicle is assigned;
- Physical location of the vehicle; and
- Whether the vehicle is owned or leased and the beginning and ending dates for the lease.

### Vehicle Use

Information gathered to aid analysis of vehicle use could include:

- Number of miles a vehicle is driven annually and/or monthly;
- Number of days a vehicle is used annually and/or monthly;
- Number of trips for which a vehicle is used annually and/or monthly; and
- Purposes for which the vehicle is used.

### Vehicle Maintenance

Information maintained for vehicle maintenance and repair efforts could include:

- Maintenance and repair work performed;
- Dates on which maintenance work was performed; and
- Costs incurred to maintain and repair each vehicle.

### Vehicle Disposal

Agencies could maintain information about their existing fleet of passenger vehicles to aid in determining when vehicles should be replaced. This information could include:

- Model year for the vehicle;
- Acquisition date of the vehicle;
- Total mileage for the vehicle;
- Vehicle acquisition costs;
- Vehicle operating costs such as fuel, oil, and lubricant costs
- Vehicle maintenance and repair costs

Agencies could also maintain information about the vehicles they dispose including:

- Date of disposal;
- Type of disposal (e.g. transfer to another agency, public auction, etc.); and
- Revenue generated from disposal.

Source: Office of Performance Evaluations review of fleet management literature.



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**Experts estimate that periodic assessment of vehicle use can result in annual savings of \$1 million or more for large fleets.**

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**Regular monitoring can also help ensure that preventive maintenance schedules are followed.**

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agencies should regularly review vehicle use to determine if vehicles are being used efficiently and effectively. In addition, regular monitoring efforts are needed to ensure that preventive maintenance is performed as required and to determine when vehicle operating and maintenance costs begin to rise.

Periodic assessment of vehicle use is particularly important to cost-efficient fleet management. Experts interviewed by the federal General Accounting Office indicated that regular assessments of vehicle use could identify opportunities to streamline the size and composition of fleets through vehicle reduction, reassignments, and increased sharing of vehicles. A fleet management consulting firm estimated that conducting vehicle use assessments could result in savings of more than \$1 million annually for large fleets of 5,000 or more vehicles.<sup>6</sup>

While expanding data gathering and monitoring efforts could result in additional agency costs, overall fleet costs should be reduced as fleet efficiency improves. Agencies could incur costs to improve their record keeping systems and cover staff time involved in data collection and monitoring. However, adopting sound management policies and practices could help reduce the cost of owning and operating state passenger vehicles by:

- Ensuring that agencies have no more vehicles than needed;
- Ensuring that vehicles are more fully used;
- Performing timely preventive maintenance; and
- Disposing of vehicles at the appropriate point.

In addition, establishing an effective fleet management system could lead to a more cost-conscious environment in which agencies make continuous improvements that lead to reduced costs and improved fleet efficiency.

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<sup>6</sup> U.S. General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, (December 1994), pp. 22–23.

### **Figure 3.3: Suggested Fleet Monitoring Activities**

Assigning fleet management responsibilities to selected staff can help ensure monitoring is routinely done. Fleet management experts believe that fleet management responsibilities should be centralized within the organization to aid comparison of work units, avoid duplication, and achieve economies of scale. Specifically, those assigned fleet management responsibilities should conduct:

#### **Vehicle Use Assessments**

Vehicle use assessments could be performed at regular intervals to obtain an accurate picture of fleet operations and identify opportunities for improvement. These assessments should address:

- Annual vehicle mileage;
- Frequency of use;
- Purpose of use;
- Vehicle age;
- Condition of the fleet; and
- Possible alternatives to current vehicle use including shared use of vehicles, reassignment, use of privately-owned and rented vehicles, or elimination of unneeded vehicles.

#### **Vehicle Maintenance Review**

Regular and ongoing monitoring can be done to ensure that preventive maintenance is performed consistent with established standards or maintenance schedules.

#### **Vehicle Disposal Tracking**

Ongoing review of key fleet information can help agencies determine when vehicles should be replaced.

Agencies should monitor factors such as:

- Vehicle age;
- Total vehicle mileage;
- Condition of vehicles; and
- Vehicle operating and maintenance costs.

#### **Benchmarking**

Benchmarking is another tool that agencies could use to help improve fleet management practices and fleet operations. Benchmarking is a process of examining the best practices of other agencies and organizations to identify opportunities to improve agency fleet operations. An agency benchmarks by comparing its processes, costs, and performance in key areas with other organizations.

Source: Office of Performance Evaluations review of fleet management literature.

## Central Monitoring and Oversight of Fleet Operations

Policy makers need information to make sound decisions concerning vehicle acquisition and replacement. However, statewide information about vehicle mileage, maintenance and repair, and vehicle disposal is incomplete and sometimes inaccurate. In addition, no single agency is charged with monitoring agency fleets and their fleet management efforts. Finally, information received during the budget process may not be sufficient to meet policy makers' needs to determine when agency vehicle requests are justified. We propose options the Legislature could consider to address these issues.

### *Centrally Available Fleet Information*

We reviewed statewide data systems to determine what types of passenger vehicle information were centrally available. We found:

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**All needed information about the state's vehicles and their operations is not collected or kept statewide.**

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- **There is no statewide data system designed to collect information needed to assess agency fleet operations. In addition, the limited information available in the statewide systems in fiscal year 1997 was incomplete and inaccurate.**

Although not designed specifically for fleet management purposes, four statewide data sources maintain some information about vehicles in the state's fleets. However, none of these systems can provide all of the information needed.

- **Office of Insurance Management Motorized Vehicle Survey.** The Office of Insurance Management conducts an annual survey to gather basic information about state agency fleets for insurance purposes. In 1995, the Office of Insurance Management modified the survey at the request of the Joint Legislative Oversight Committee to gather additional information about vehicle age and annual mileage. While the survey now solicits some information that can be used to assess fleet operations, other important data (e.g., the number of days vehicles are used annually and vehicle maintenance and repair costs) are not collected. Further, agencies are not required to participate in the survey; a number of agencies did not turn in surveys in 1996 or 1997, including one agency with a large percentage of all state vehicles. In addition, the information agencies did provide was sometimes incomplete or inaccurate.

- **Fixed Asset System (FAS).** The Fixed Asset System provides for the accountability and reporting of the state’s fixed assets including, but not limited to, agency passenger vehicles. However, vehicle information recorded in the Fixed Asset System was incomplete and not uniformly reported. Not all agencies are required to enter data to the system. For example, two agencies with large fleets have not entered data in FAS because they have comparable systems of their own. In other cases, vehicle identification was inconsistent, vague, and inaccurate. Also, FAS does not collect vehicle mileage or use information.
- **Gas Card.** Gas Card is the state’s fleet fueling program allowing employees to purchase gasoline for state vehicles from participating vendors. Each state-owned or leased vehicle is issued a Gas Card. Gas Card provides each agency a monthly fuel management report which reflects agency-determined information, such as the date, time, and location of fuel purchase, cost per gallon, or vehicle mileage. Gas Card reports, however, are limited to information that agencies have decided to capture, resulting in non-uniform information across agencies. Further, Gas Card does not contain historical data; information more than a few months old is deleted from the system, making tracking and analysis of historical fleet information difficult.
- **Statewide Accounting and Reporting System (STARS).** Agency motor vehicle expenditures are not fully segregated on STARS. The expenditure codes for fuel, oil, and lubricants also include expenses for items like chain saws, lawn mowers, and weed-eaters, so they cannot be distinguished from vehicle expenses. Expenditure codes for vehicle maintenance and repair labor did not include costs of agency employees that perform such work, resulting in these costs being understated. Further, STARS contained no vehicle use information such as mileage or days-in-use.

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**Four data sources keep part of the information needed to monitor vehicles, although its quality is inconsistent.**

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### *Central Monitoring*

We reviewed relevant Idaho Code and regulations to learn what type of central fleet monitoring currently exists. We found:

- **There is little central monitoring and oversight of state agency passenger fleets.**

Since statutes authorizing the Department of Administration to establish rules for all state-owned vehicles were repealed in 1991,

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**No single agency is charged with central monitoring and oversight of agency fleets.**

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no agency has been assigned specific statutory authority for monitoring and overseeing agency fleets or fleet management efforts.<sup>7</sup> Furthermore, no statutes or regulations specifically govern agency fleet management.

Central monitoring of agency fleets has been limited primarily to the Department of Administration, Office of Insurance Management's annual motorized vehicle survey. However, Insurance Management has no authority to ensure agencies participate in the survey or provide accurate and complete information. In addition, because the department is not charged with overseeing agency fleet management, it has no authority to assess agency fleet operations or ensure corrective actions are taken when needed.

In the absence of central monitoring or oversight, agencies may manage their fleets as they deem appropriate. In our review we learned that agencies varied significantly in the policies they had developed and the data they kept. For example, among the 92 units that reported in our survey as having maintenance and repair policies:

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**In the absence of uniform guidelines, agency fleet management efforts varied.**

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- 30 (33%) indicated they require timely and routine maintenance;
- 32 (35%) indicated they require maintenance in accord with manufacturer's specification;
- 6 (7%) said they require maintenance every 3,000 miles; and,
- 6 (7%) reported having other requirements.

Eighteen of the ninety-two units did not provide descriptions or supporting documentation or written description of their policies.

*Policy Maker Access to Information*

To understand the process for vehicle acquisition and replacement, we interviewed selected budget staff in the Division of Financial Management and Legislative Services Office, Budget and Policy Analysis, reviewed information about the budget development process, and examined selected budget requests,

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<sup>7</sup> Idaho Code § 67-5738 (repealed 1991).

appropriations, vehicle purchases, and vehicle disposal. We found:

- **The information provided in the current budget process may not be sufficient to meet policy makers' needs to make vehicle purchase and replacement determinations based on actual agency need.**

Currently, the budget request and approval process requires agencies to provide information about those vehicles they wish to replace or propose adding. The Division of Financial Management requires agencies to provide specific information on vehicles they seek to replace, including the vehicle's general description, model year, and odometer reading.

However, the Division of Financial Management does not require agencies to provide information about the size, composition, and operation (e.g., vehicle mileage, days-in-use, maintenance and repair costs) of their passenger vehicle fleets. Without information about the use of all agency vehicles, policy makers may not be able to determine whether vehicle replacement or purchase is needed.

In addition, under the current system, policy makers are unable to know if agency fleets are growing. Agencies are not required to provide information in the budgeting process or elsewhere about the number of vehicles they actually purchased and disposed of in the previous year or the adjusted size of their fleets. One agency told us they keep "replaced" vehicles in their fleet after new vehicles have been acquired, so long as they continue to run. Furthermore, an official with the Division of Financial Management (DFM) indicated that agencies may use unspent operating funds to purchase vehicles for which the Legislature did not specifically authorize capital outlay purchases. While agencies must generally obtain DFM's approval to transfer funds to make these purchases, information about the actual number of vehicles purchased is not readily available to policy makers. As a result, agency fleets may grow as they retain older vehicles and add new vehicles.

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**Agencies are not required to provide information on the full size or operation of their fleets in their budget requests.**

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**Under the current system, policy makers are unable to know if agency fleets are growing.**

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**Increasing the information available in the budget process could result in savings of up to \$6.1 million over two years.**

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**Several options could be considered to strengthen central monitoring and oversight.**

To improve monitoring of agency fleet operations and provide additional information that could aid in making budget decisions about vehicle acquisition and replacement:

*We recommend that the Legislature consider requiring central, uniform, and ongoing reporting of key fleet information for use in the decision-making process.*

Policy makers would benefit from current, accurate, readily available, and relevant fleet information in making vehicle acquisition and replacement decisions.

Furthermore, the cost of not having this information is significant. As noted earlier, in fiscal year 1997 the state may have had about 475 vehicles more than needed if the remaining vehicles had been driven at least 6,000 miles annually. Under the current system, those vehicles, even if unneeded, are likely to be replaced, in part, because information about all vehicles in agency fleets is not available to policy makers in the budget process.

Using the average acquisition cost of vehicles in the Fixed Asset System as of March 1998, replacing 475 vehicles would cost approximately \$6.1 million. Were the Legislature to have access to agency fleet information as a context for replacement requests, funding decisions could result in some of these “extra” vehicles not being replaced, with savings of up to \$6.1 million over two years.<sup>8</sup> Furthermore, agency requests could more accurately reflect need if agency officials reviewed key fleet information in developing their requests.

Should the Legislature determine that additional monitoring and oversight of agency fleets is needed, at least two options could be considered.

**1. A single agency could be authorized to collect and review agency fleet information.**

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<sup>8</sup> State agencies purchased 238 passenger vehicles in fiscal year 1997. At this acquisition rate, 475 vehicles would be purchased in about two years.

An existing state agency could be assigned to collect, review, and report on agency fleet management information. For example, the Department of Administration and the Division of Financial Management both have statewide interest and experience.

- **The Department of Administration.** The department is statutorily responsible for developing inventory and record keeping guidelines for state agencies and currently conducts an annual motor vehicle survey. Consequently, the department may be familiar with agency motor vehicle personnel and fleet issues. However, as noted earlier, the department currently lacks statutory authority to direct agencies to submit fleet information or address fleet issues.
- **The Division of Financial Management.** As indicated earlier, DFM has established guidelines for agency vehicle disposal and is, consequently, familiar with one issue in fleet management. DFM reviews all state agencies' operating and capital budget requests including vehicle requests, which ultimately results in the Governor's annual budget recommendation to the Legislature.

Should the Legislature choose to improve vehicle management in this way, additional resources may be required to enable the designated agency to collect and review agency fleet information and prepare annual reports for use in the budget process. In addition, the Legislature could consider providing the selected agency the authority to require agencies to submit designated fleet information.

Alternatively:

**2. Agencies could be required to submit key information about their fleets in their annual budget requests.**

Agencies could be required to provide information about their fleet, in addition to requiring information about the vehicles they wish to replace or add. For example, agencies could be required to report:

- **Average annual mileage and days-in-use for passenger vehicles.** This information would allow policy makers to assess whether vehicles in agency fleets are being fully used, helping illustrate actual agency need.

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**A single agency could be assigned responsibility for coordinating reporting of fleet information.**

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**Alternatively, key fleet information could be required in agency budget requests.**

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- **Total number of passenger vehicles that were driven less than established mileage and days-in-use standards.** This information also would help to illustrate actual agency need. Agencies should be given the opportunity to explain low-use vehicles.
- **Total number of agency-owned and leased passenger vehicles over the last five years.** This will provide a base line of information on the agency's fleet and how it has changed over time.
- **Total number of passenger vehicles the agency requested and subsequently purchased in the previous fiscal year.** This would allow policy makers to see how the agency's request compares to its purchases.
- **Total number of passenger vehicles the agency disposed of in the previous fiscal year and the revenue per vehicle.** This information would allow policy makers to compare recent vehicle acquisitions with disposals and see if fleets are growing or if "replacements" have been replaced.
- **Total number of passenger vehicles over the age and total mileage standards for disposal.** This information will provide information needed to assess whether vehicles are disposed of in accordance with established standards and provide an indication of age and mileage of the state's fleets.

Regardless of the steps selected, policy makers would benefit from information that is:

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**Information agencies report should be mandatory, uniform, and available in the budget process.**

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- **Mandatory and Statewide.** All agencies with vehicles should be required to track and submit requested data.
- **Uniform.** Agencies should be required to track the same information in the same ways to ensure that fleet information is consistent statewide. In addition, as discussed earlier in this chapter, establishing uniform information requirements would help ensure that agencies are tracking needed data.
- **Current and Available.** Agencies should be required to keep information current and in readily available form. Agencies should be required to present the information to policy makers in a timely manner to allow for review and analysis as part of the budget process.

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# Responses to the Evaluation



State of Idaho

**DIVISION OF FINANCIAL MANAGEMENT**  
Executive office of the Governor

PHILIP E. BATT  
Governor  
DARRELL V. MANNING  
Administrator

September 28, 1998

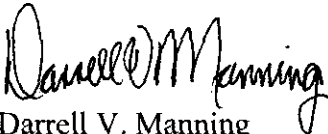
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Office of Performance Evaluations  
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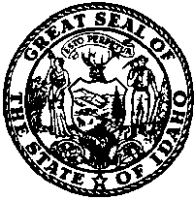
Dear Ms. Van Maren:

We appreciate the advance copy of your study on passenger vehicles. Although we do not believe the data necessarily leads to your conclusions, we will review the data to see what actions we might take to be sure that state vehicles are properly and efficiently used.

Sincerely,

  
Darrell V. Manning  
Administrator

DVM:slw



# State of Idaho

## Department of Administration

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PHILIP E. BATT

Governor

PAMELA I. AHRENS

Director

September 28, 1998

Senator **Bruce** Sweeney, Co-Chair  
Representative Bruce **Newcomb**, Co-Chair  
Joint Legislative Oversight Committee  
c/o Office of Performance Evaluations  
Statehouse Mail

Dear Senator Sweeney and **Representative Newcomb**:

On September 22, 1998 we reviewed the Vehicle Usage **Report** with the JLOC staff. The revised report was received in **our** office at 4:45 p.m. on Thursday, September 24, 1998 with instructions that we must respond by 8:00 a.m. Tuesday, September 29<sup>th</sup>. With this limited timeframe, we will attempt to comment.

The conclusion of the report appears to be that State agencies are not effectively **utilizing** state owned vehicles. While the Department of Administration would **agree** that there may be room for improvement in the overall management of state vehicles, there are some specifics in the report that cause concern.

The cost to implement the report recommendations has not been clearly **addressed**. The report makes some broad recommendations concerning statewide policies and automated systems. We believe that some form of cost benefit analysis should be performed to determine if the potential benefits to be derived from the report recommendations outweigh the costs of implementing and maintaining the system. This analysis should be completed prior to implementation **of the** report's recommendations.

Agency Directors have responsibility for the overall management of their **Departments**. Part of that management responsibility is the effective use and deployment of assets. The establishment of strict guidelines that are applied statewide fails to recognize the differences in agency requirements, use patterns and vehicle configurations for special equipment. Statewide systems **such** as anticipated in this report tend to become rigid and limit management initiatives. Agencies can become more concerned about complying with a "cookie cutter" policy than in accomplishing their mission.

While we do have some difficulty accepting **some** of the methodologies and assumptions employed in the report, **our** main concern is with the overall recommendations.

Thank you for the opportunity to review the report. If you require any additional information please feel free to contact myself or Rick Thompson at 334-3382.

Respectfully,

A handwritten signature in cursive script that reads "Pam Ahrens".

Pam Ahrens, Director

Department of Administration

CC: **Darrell** Manning Administrator, Division of Financial Management  
**Tana** Shillingstad, Chief of Staff, **Office** of the Governor

## Completed Performance Evaluations

<u>Publication Number</u>	<u>Report Title</u>	<u>Date Released</u>
95-01	State Travel Management	August 1995
95-02	Medicaid Services for Children With Disabilities	November 1995
96-01	Safety Busing in Idaho School Districts	February 1996
96-02	Oversight of Pupil Transportation Contracts	February 1996
96-03	Use of Bus Routing Software in Idaho School Districts	May 1996
96-04	Contracted Versus District-Operated Pupil Transportation Programs: An Analysis of Cost and Program Differences	May 1996
96-05	State-Owned Dwellings	October 1996
96-06	Estimating and Reducing the Tax Gap in Idaho	December 1996
97-01	License Plate Design Royalties Paid to the Idaho Heritage Trust	May 1997
97-02	The Bishop's House Historic Site	July 1997
97-03	Alternatives to Incarceration: Opportunities and Costs	December 1997
98-01	Public School Use of Tobacco Tax Funds	January 1998
98-02	Medicaid Reimbursement for Outpatient Occupational and Speech Therapy	June 1998
98-03	Management of State Agency Passenger Vehicles	October 1998

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