

State Fleet Management Program

Annual Report

Fiscal Year 2012

State of Ohio
Department of Administrative Services
General Services Division
Office of Fleet Management
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Executive Summary

Ohio Revised Code Section 125.832 grants the Ohio Department of Administrative Services (DAS) exclusive authority over the acquisition and management of a significant portion of the motor vehicles used by state agencies. The DAS Office of Fleet Management (OFM) is committed to service excellence by providing state agencies with the necessary tools to manage their fleets and to provide appropriate, quality motor vehicles to allow them to meet their unique mission objectives.

The Office of Fleet Management performs the following functions:

- Directs and approves all funds that are expended for the purchase, lease, repair, maintenance, registration, insuring, and other costs related to the possession and operation of motor vehicles for the use of state agencies;
- Approves the purchase or lease of each motor vehicle used by state agencies;
- Develops vehicle policies and monitors agency compliance with the state vehicle policies;
- Administers the State Fleet Information System;
- Administers the DAS Lease Program;
- Serves as a resource for state agencies;
- Administers the Master Lease Financial Agreement;
- Administers the Delegated Authority Program;
- Administers the fleet fuel and maintenance credit card;
- Reports the status of the state vehicle fleet annually to the Governor, the Speaker of the House of Representatives and the President of the Senate.

The major accomplishments of the Fleet Management Program for FY12 are as follows:

- Reduced state employee mileage reimbursement costs;
- Reduced fleet rates for FY12;
- Met alternative fuel use goal for biodiesel;
- Fleet Services provided to managed agencies;
- State agency adds certified fleet manager.

Agency Fleet Managers and Coordinators

Agency fleet managers and coordinators serve as a single point of contact between the Office of Fleet Management and their respective agency on all fleet related issues.

Self- Managed

Adjutant General	Daniel Bute
Administrative Services	Jason Bartholow
Agriculture	Linda Loveridge
Bureau of Workers' Compensation	P. J. Haines
Commerce	John York
Development Services Agency	Shane Ellett
Developmental Disabilities	Vicki Gordon-Smith
Environmental Protection Agency	Mike McDaniel
Health	Josh Wiethe
Industrial Commission	Ty Rogers
Lottery Commission	Steve Kmiotek
Mental Health	Beverly Lott
Natural Resources	Dianne Tredway
Ohio Turnpike Commission	Stuart May
Public Safety	Sara Burnam
Public Utilities Commission	Gina Burke
Rehabilitation and Correction	Scott Stevenson
Rehabilitation Services Commission	Jenny Jones
School for the Blind / School for the Deaf	Scott Norris
Taxation	Sandy Weimer
Transportation	Mark Gnatowski
Youth Services	Steve Hrinko

Managed

Aging	Randall Wright
Alcohol and Drug Addiction Services	Mike Price
Budget and Management	Teresa Brooks
Civil Rights Commission	Ron Morrison
Consumers' Counsel	Lindsey Lewis
Cosmetology Board	Marsha Tyo
Education	Tracy Konopka
Employment Relations Board	Shane Trace
Ethics Commission	Alan Carlson
Exposition Commission	Chris Thomas
Inspector General	Ron Nichols
Insurance	Ray Lacey
Job and Family Services	Dave Smith
State Library of Ohio	Jamie Pardee
Southern Ohio Agricultural and Community Development Foundation	Kristy Watters
Veterans' Services	Charlie Hall

2012 Highlights

Reduction of Mileage Reimbursement Payments

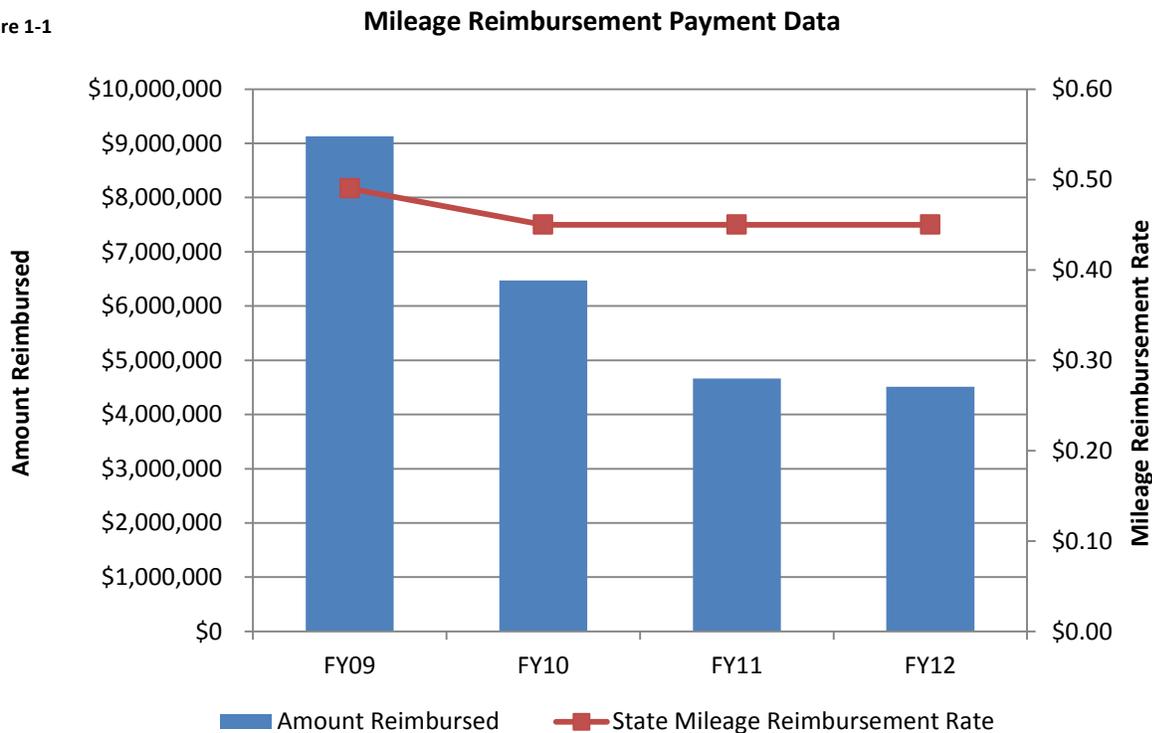
Mileage reimbursements are paid to state employees who use their personal motor vehicles to perform state business. OFM works with agencies to identify opportunities where agencies can reduce mileage reimbursement payments. Each year a mileage break-even point is calculated so agencies can determine when it is fiscally prudent to provide a state vehicle to an employee. Over the past four years, OFM has helped agencies save \$11,740,178 in reimbursements.

FY12 mileage reimbursement payments to 5,838 state employees were reduced by \$150,503 from the amount paid in FY11. In prior years reimbursement reductions were accomplished by transitioning to state vehicles. In FY12, the number of state vehicles dropped slightly, which indicates that other methods such as increased use of motor pools and improved trip planning are being used to reduce reimbursement payment.

In FY09 there were 74 agencies paying mileage reimbursements to 9,300 employees. Fifteen agencies had payments totaling more than \$100,000 annually. In FY12 the agencies paid 5,838 employees mileage reimbursements and the number of agencies with payments totaling more than \$100,000 dropped to seven. Out of the original 15 agencies all have reduced their payments by 25-80 percent, and eight have consistently reduced payments all four years.

Figure 1-1 illustrates the amounts reimbursed to employees for the use of their personal vehicles in relationship to the state mileage reimbursement rate for that fiscal year.

Figure 1-1



Fleet Rates Reduced for 2012

OFM reduced its fleet rates in FY12 for the fourth consecutive year, saving the agencies \$69,300 in service fees. Based upon the lower administrative costs, vendor rebates and surplus vehicle sales, it was possible to reduce the fleet rates to our customers by 9 percent in FY12. The cost of the state fleet management program is allocated among the agencies by the number of vehicles and/or credit cards they use.

	FY09	FY10	FY11	FY12	% Change (FY12 vs. FY11)
Fleet Fuel Cards	\$4.30	\$4.00	\$4.00	\$4.00	0%
State Wide Fleet Services	\$28.00	\$26.00	\$24.00	\$21.00	-9%
FleetOhio	\$28.00	\$26.00	\$24.00	\$21.00	-9%
Vehicle Lease and Management	\$35.00	\$35.00	\$35.00	\$35.00	0%

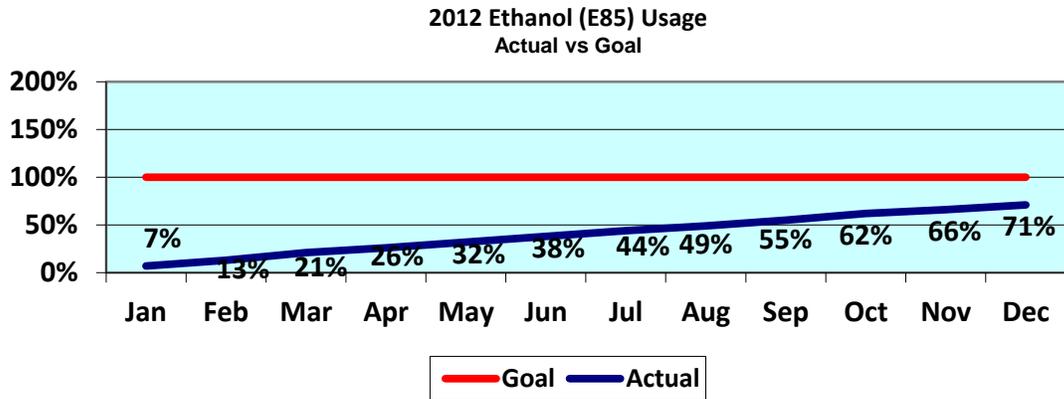
Alternative Fuel Use Remains Strong

By statute, alternative fuel usage goals are reported on the calendar year. In January 2007 the alternative fuel usage goals were established to use at least sixty thousand gallons of E85 blend fuel per calendar year with an increase of five thousand gallons per calendar year each calendar year thereafter. Additionally, at least one million gallons of blended biodiesel were to be used per calendar year, with an increase of one hundred thousand gallons per calendar year each calendar year thereafter, if the fuels are reasonably available at a reasonable price.

Ethanol (E85)

The calendar year 2012 usage requirement for E85 increased by 5,000 gallons bringing the state’s total annual goal up to 90,000 gallons. For CY12 the state reached 71 percent of its annual goal of 90,000 gallons (Figure 2-1), consuming a total of 63,454 gallons of E85. A lack of retail fueling locations and the repurposing of the state’s primary E85 fuel station were contributing factors in the reduced usage amounts. The state’s primary E85 station has an annual potential of 100,000 gallons. A key tool in monitoring the usage of alternative fuels in the states fleet is the alternative fuel scorecard, which tracks the fuel use for each agency by month throughout the year. The scorecard provides a level of accountability and transparency for state agencies.

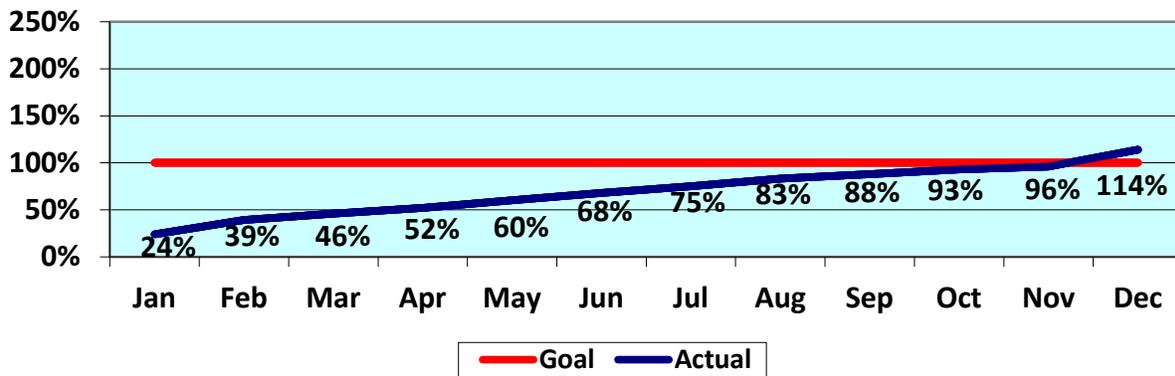
Figure 2-1



Biodiesel (B20)

The calendar year 2012 usage requirement for biodiesel increased by 100,000 gallons bringing the state’s CY12 annual goal up to 1.6 million gallons. CY12 biodiesel usage totaled 1,822,883 gallons which represents 114 percent of the state’s annual goal (Figure 2-2) of 1.6 million gallons.

Figure 2-2
**2012 Biodiesel (B20) Usage
Actual vs Goal**



Fleet Information Management System Receives Major Upgrade

FleetOhio is a comprehensive fleet information management system used to track all vehicle related data for the state fleet. The system provides state agencies and OFM with the ability to track fleet inventory data, analyze operating costs, and monitor and schedule vehicle maintenance. Use of FleetOhio is required per the Ohio Revised Code section 125.832(C) and the Ohio Administrative Code 123:6-1-04. FleetOhio incorporates a Web-based reporting tool to provide agencies with easy access to fleet information via reports that are regularly upgraded to meet changing client needs.

The FleetOhio system received a major upgrade in 2012. The upgrade incorporated several new features that improved the stability of the system and lowered internal support costs. Also included in the upgrade were two new modules; a user-friendly Web reservation portal for motor pool management, and an Ad Hoc reporting tool. The Web reservation portal now allows users to reserve vehicles from their work location as opposed to a dispatch location, which saves time and effort. The Ad Hoc reporting tool allows coordinators to access their agencies fleet data on demand without requesting custom reports.

Fleet Service Provided to Agency Fleets

Starting in FY12 fleet management services were provided to 16 state agencies that operate approximately 138 vehicles that did not meet the minimum qualifications to self-manage their fleet operations. This determination was made during an assessment of their fleet program in late FY10. These 16 agencies agreed that they would receive fleet services as part of the DAS Managed Fleet program. Services received included vehicle acquisition and disposal, maintenance planning, fiscal services, compliance reporting, and operator training.

In FY12, fleet expenditures by agencies whose fleets were managed by DAS decreased by \$129,075 from \$408,500 to \$279,425. OFM made recommendations to agency management to replace 17 high mileage vehicles, and add two vehicles to address mileage reimbursement issues. These changes enhanced the department fleets, serving as a catalyst to the further reduction of their total cost of transportation.

State Agency Adds Certified Fleet Manager

The Certified Automotive Fleet Manager (CAFM) program administered by the National Association of Fleet Administrators (NAFA) is being used by OFM to satisfy the certified fleet manager requirement for an agency to receive delegated authority to manage its fleet. At the beginning of FY12 there were 22 agencies working toward meeting the requirements of delegated authority. Eight agencies have fulfilled the certified fleet manager requirement, 11 agencies have a candidate enrolled in the CAFM program, and the remaining three are re-evaluating their options due to employee transitions. The fleet manager for the Department of Transportation, Mark Gnatowski, completed the Certified Automotive Fleet Manager (CAFM) certification program in FY12. Participation in the program also grew significantly in FY12 as another eight candidates enrolled. Throughout the fiscal year OFM proctored four quarterly testing opportunities for the agency fleet managers who were enrolled in the CAFM program. So far there have been nine state agency fleet managers who have attained the Certified Automotive Fleet Manager (CAFM) designation. In FY12 OFM introduced instructor-led study sessions to assist program participants with exam preparation. The instructor-led study sessions have improved the test performance of the program participants.

State Fleet Data

State Fleet Inventory

Some motor vehicles fall under DAS management authority as specified in ORC Section 125.831. Vehicle types include automobiles, sport utility vehicles, and all types of vans and pick-up trucks that do not exceed 12,000 pounds gross vehicle weight (GVW). Vehicles outside of DAS authority include law enforcement vehicles, elected officials vehicles and vehicles over 12,000 pound GVW.

The state inventory of law enforcement vehicles and heavy trucks increased by 266 vehicles while the passenger vehicle inventory decreased by 17 vehicles in 2012 (Figure 3-1). While the composition of the fleet by type is relatively consistent (Figures 3-2, 3-3), another trend is beginning to emerge in the type of vehicle being selected. In 2012 the trend continued toward the compact sedans (Figures 3-4, 3-5), with a reduction of 101 midsize automobiles and the increase of 143 compacts that demonstrates the agencies' commitment to reduce fuel usage and lower operating costs in FY12.

Figure 3-1

State Fleet Inventory

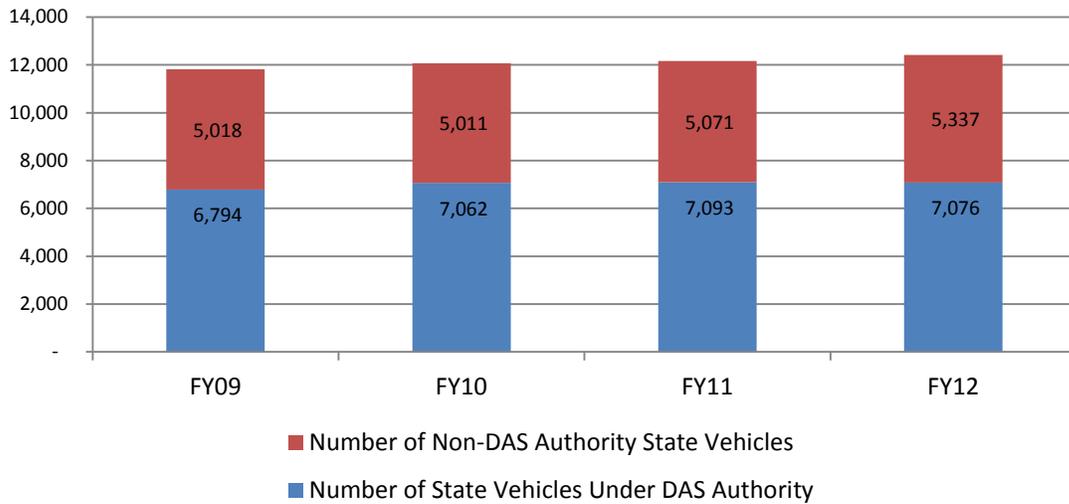


Figure 3-2

FY11 Inventory by Type 12,164 Vehicles

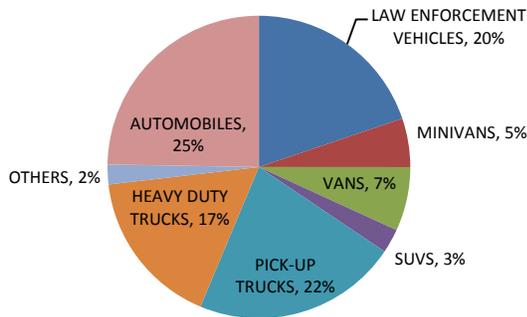


Figure 3-3

FY12 Inventory by Type 12,413 Vehicles

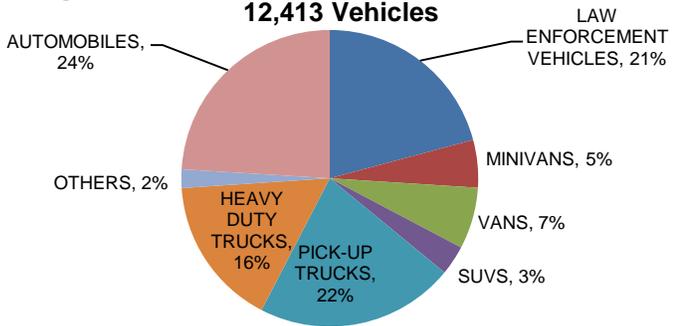


Figure 3-4

FY11 Automobile Inventory by Type 3,008 Automobiles

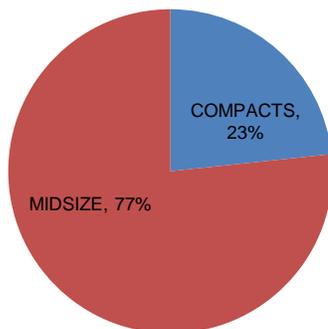
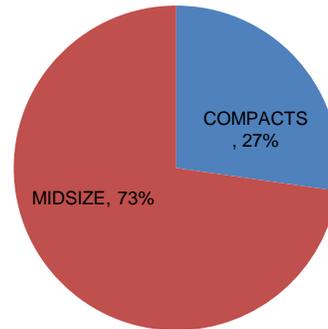


Figure 3-5

FY12 Automobile Inventory by Type 2,983 Automobiles



Vehicle Utilization

The miles traveled in state vehicles decreased by 9,057,301 miles (Figures 4-1, 4-2) in 2012. Eighty-five percent of the decrease is due to the miles traveled by law enforcement and heavy duty trucks. While the utilization of the autos increased in 2012 by 3,951,419 miles, the number of miles driven by compact sedans dramatically increased from 5,517,778 miles to 14,972,363 miles.

Figure 4-1

FY11 Mileage by Vehicle Type
189,635,678 Total Miles

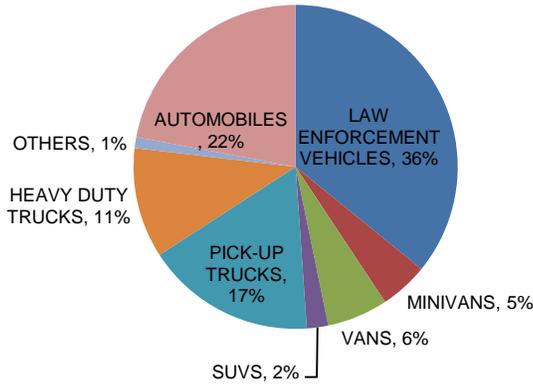


Figure 4-2

FY12 Mileage by Vehicle Type
180,578,377 Total Miles

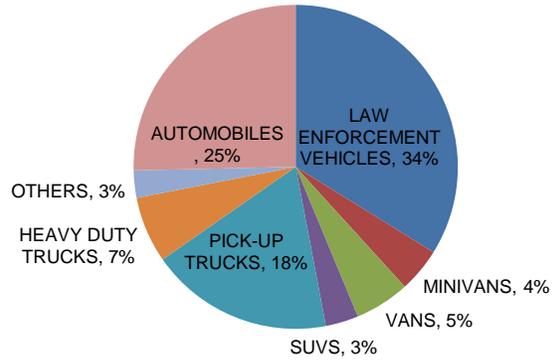


Figure 4-3

FY11 Mileage by Automotive Type
39,895,115 Automotive Miles

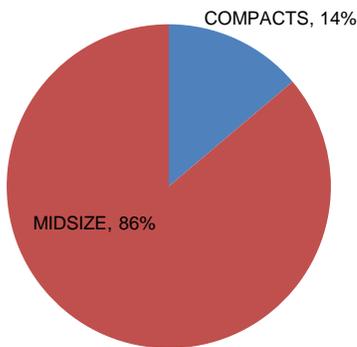
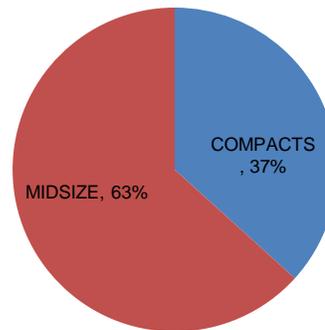


Figure 4-4

FY12 Mileage by Automotive Type
40,787,772 Automotive Miles



Total Cost of Transportation

The total cost of transportation consists of the expenses associated with state vehicles and the mileage reimbursement payments made to state employees for the use of their personal cars on state business. The costs for the state vehicles are categorized into three main expense types; fuel, maintenance, and depreciation. The fuel expense type represents the amount of bulk and retail fuel purchased for use in state vehicles. Fuel used in off road equipment is not included. The maintenance expense type includes costs associated with vehicle repairs, tires, and collision repairs. The depreciation expense reported is the annualized cost of the vehicles in the state fleet as opposed to the purchase cost.

The total cost of transportation increased by a little more than five million dollars in FY12. Despite using 280,000 fewer gallons, the cost of fuel alone accounted for 85 percent of the cost increase.

Expense Type	FY09	FY10	FY11	FY12
Fuel	\$30,946,657	\$28,582,367	\$35,685,104	\$40,004,275
Maintenance	\$22,594,425	\$22,841,076	\$26,126,750	\$26,109,853
Depreciation	\$24,831,822	\$24,243,850	\$24,134,861	\$24,882,854
Mileage Reimbursement	\$9,126,978	\$6,468,847	\$4,661,206	\$4,510,703
Total	\$87,499,882	\$82,136,140	\$90,607,921	\$95,507,685

Vehicle Acquisition

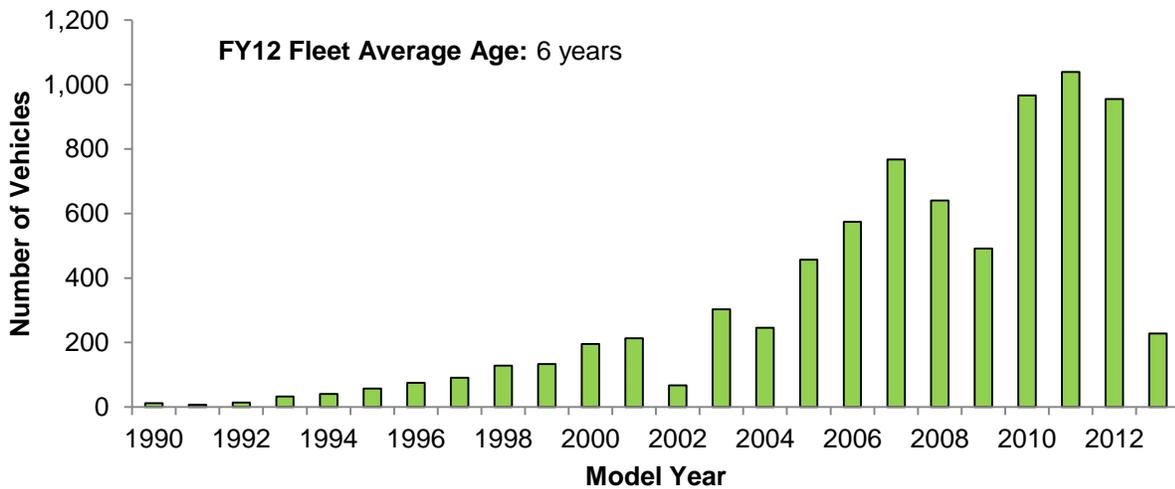
During fiscal year 2012, OFM reviewed and approved 412 requisitions for the purchase of 1,373 vehicles having a total acquisition cost of \$35,449,271. This figure is down by 107 units or \$6,076,648 as compared to fiscal year 2011. In FY12 OFM continued to recommend the compact sedan as the default passenger vehicle.

	FY2009	FY2010	FY2011	FY2012
Acquisition - Purchase	\$13,591,059	\$26,686,463	\$41,469,094	\$35,409,346
Vehicle Acquisition - State Surplus	\$191,421	\$42,774	\$56,825	\$39,925
Total	\$13,782,480	\$26,729,237	\$41,525,919	\$35,449,271

Note: Acquisition cost represents the purchase price and is not equivalent to the depreciation expense which is the annualized cost

Figure 5-1

Vehicle Inventory by Model Year



Note: There are 28 vehicles with a model year prior to 1990
This table excludes the Department of Transportation.

Vehicles by Odometer Reading

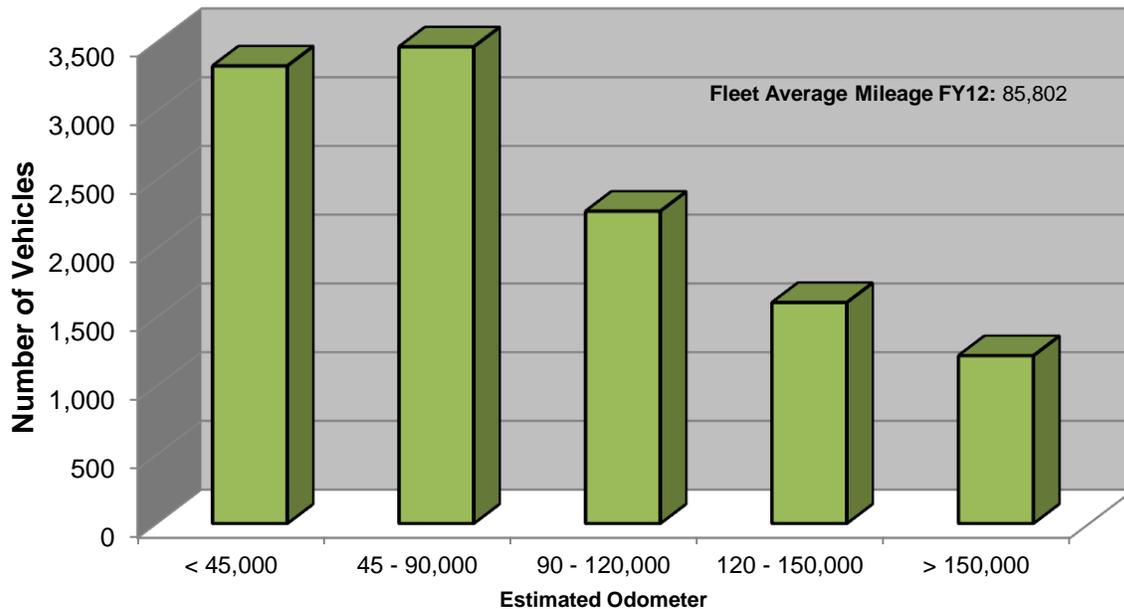


Figure 5-2

Fuel

The Ohio Revised Code requires that each state agency do its part to reduce the state's dependence on foreign oil and its emission of greenhouse gasses. Administrative Rule 123:6-1-10 defines an agency's requirement regarding the use of alternative fuels in the state's fleet of motor vehicles. To further reduce our dependence in FY12 the state continued to purchase fuel efficient compacts to replace the aging mid-size fleet and continued to promote the use of alternative fuels. Despite a decrease of approximately 282,000 gallons over FY11 the total cost of fuel increase by approximately \$4,300,000.

Fuel Purchases				
	FY2009	FY2010	FY2011	FY2012
Vehicle Fuel	\$30,946,657	\$28,582,367	\$35,685,104	\$40,004,275
Equipment Fuel	\$7,498,496	\$3,871,757	\$6,028,890	\$4,908,910
Total Fuel Purchases	\$38,445,153	\$32,454,124	\$41,713,994	\$44,913,185

Alternative Fuel Purchases Vehicles Only				
	FY2009	FY2010	FY2011	FY2012
Ethanol (E85)	\$390,050	\$310,178	\$274,440	\$296,619
Biodiesel	\$4,622,078	\$6,648,319	\$9,496,806	\$7,895,182
Totals	\$5,012,128	\$6,958,497	\$9,771,246	\$8,191,801

Average Price Per Gallon All Vehicle Fuels				
	FY2009	FY2010	FY2011	FY2012
Total Spend	\$30,946,657	\$28,582,367	\$35,685,104	\$40,004,275
Total Gallons	12,321,853	11,631,553	11,998,048	11,715,655
Average Price	\$2.51	\$2.46	\$2.97	\$3.41

Vehicle Maintenance

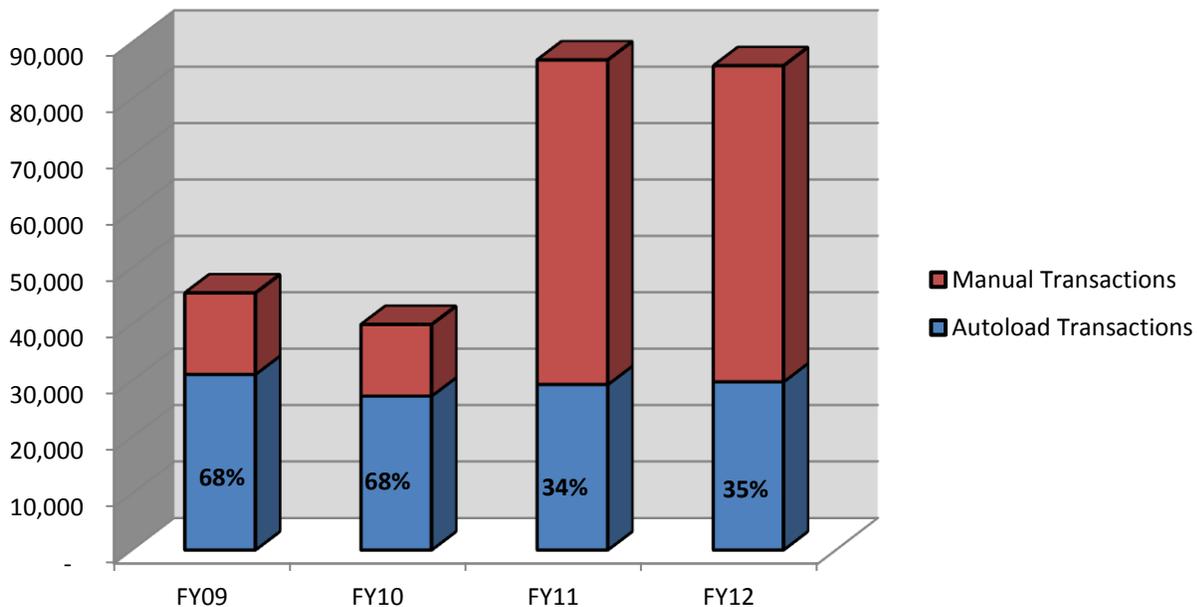
	FY2009	FY2010	FY2011	FY2012
Dept. of Public Safety	\$ 4,427,983	\$ 4,061,336	\$ 4,630,314	\$ 5,902,107
Dept. of Transportation	\$ 13,223,156	\$ 14,009,123	\$ 16,014,958	\$ 14,257,606
Other Agencies	\$ 4,935,286	\$ 4,770,618	\$ 5,481,478	\$ 5,950,140
Total Maintenance	\$ 22,594,425	\$ 22,841,076	\$ 26,126,750	\$ 26,109,853

Voyager Fleet Card

DAS Fleet Management administers a contract with US Bank/Voyager Fleet Systems Inc. to provide fleet credit cards to all state agencies. The program is also made available to colleges, universities and political subdivisions. Fleet credit cards allow drivers to purchase fuel and maintenance using a single method of payment. Usage information gathered each month is uploaded into the state's fleet management system and provides detailed cost and utilization data on each vehicle. Uploading usage information substantially reduces the amount of information that is manually entered into the Fleet Database. This reduces the data administration cost to the state through the elimination of man-hours and errors. Exception reports highlight any unauthorized or improper use of the card.

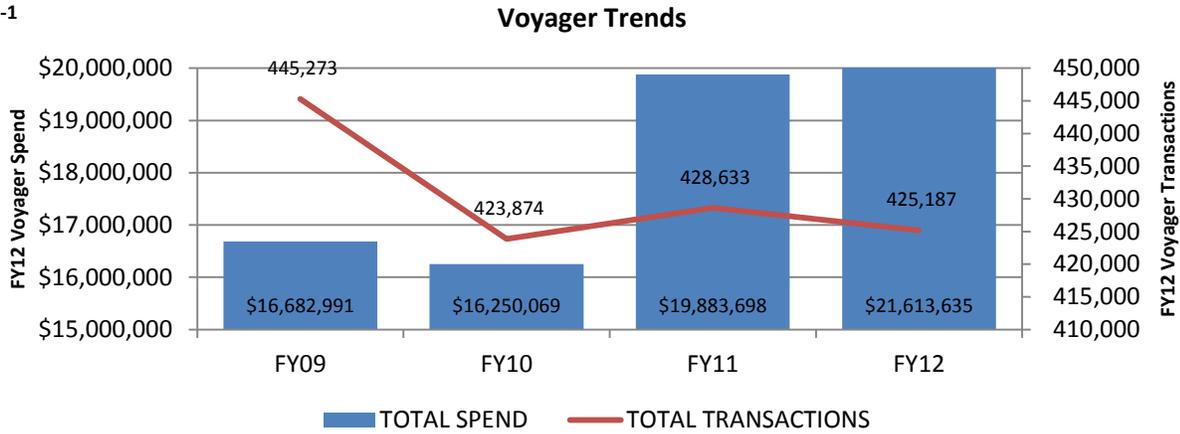
Figure 6-1

**FleetOhio Uploaded Maintenance
by Transaction**



State agencies currently use the Voyager card to pay for both fuel and maintenance expenses. In FY12, 45 agencies used 12,702 Voyager cards to pay for vehicle related expenses. The state spent approximately \$21,613,000 on fuel and maintenance and processed more than 425,000 transactions on the Voyager card. The average transaction was approximately \$51 (an increase of \$5/transaction compared to last year) and the each card was used to purchase an average of \$1,702 (down \$98 from last year) in fuel and maintenance.

Figure 7-1



The current contract with US Bank/Voyager Fleet Systems Inc., provides rebates based upon purchasing volume and timely payment. These rebates offset the administrative costs of managing the program and help to stabilize annual fleet rates. The volume portion of the rebate increased by 8 percent from last year while the timeliness portion of the rebate increased by 2 percent in FY12 resulting in an overall increase in the rebate amount of \$15,485.

Voyager Rebate Data

	FY09	FY10	FY11	FY12
Spend	\$113,889	\$110,325	\$169,011	\$183,716
Timeliness	\$22,778	\$22,065	\$33,802	\$34,582
Total	\$136,667	\$132,390	\$202,813	\$218,298

Additional Services

Delegated Fleet Management Authority

Consistent with ORC 125.832(G) the Ohio Department of Administrative Services has established a Delegated Fleet Management Authority program. The program is two-fold; granting delegated authority to those agencies meeting the requirements to manage their own fleet and providing a Managed Agency Fleet Program for those agencies not wishing to manage their own fleet.

Agencies seeking Delegated Fleet Management Authority must demonstrate to the satisfaction of OFM that the agency meets the nine criteria established for participation in the self-managed program. Agencies are evaluated annually with regard to these criteria and if deficiencies are identified, a work plan is established. There are currently twenty-three state agencies that either meet or are working toward meeting the requirements for delegated fleet management authority. These agencies either have a certified fleet manager, or their fleet manager is working toward certification. In addition, OFM has observed that these agencies submit required reports in a timely and accurate manner, operate FleetOhio in an effective manner, and properly manage the fleet fuel card program for their agency.

Managed Agency Fleet

Agencies in the Managed Agency Fleet Program have chosen this program as a more cost effective alternative to managing a small agency fleet in-house. Agencies with small fleets often do not have the resources to ensure that all facets of fleet management are properly conducted. These agency fleets will be managed by an OFM fleet manager in conjunction with a fleet liaison from each managed agency. Should an agency currently managed by OFM seek to be granted delegated fleet management authority, OFM will ensure that the agency is aware of the requirements that must be met in order to receive such a delegation of authority. Additionally, OFM will create a work plan for the agency and grant a partial delegation of fleet management authority while the agency works to meet the requirements for delegated authority.

Rhodes State Office Tower Motor Pool

The Rhodes State Office Tower motor pool is located on the B-3 level of the Rhodes Tower in Columbus and provides pool vehicles to all state agencies as authorized by Section 125.83 of the Ohio Revised Code. The fleet count and vehicle utilization remained stable for FY 12. Utilization percentages are based on the number of rental days the vehicles are in use compared to the total number of rental days the vehicles are available. Note that cost per mile is below the reimbursement rate, producing savings versus mileage reimbursement.

	FY09	FY10	FY11	FY12	% Change
Utilization Percent	72%	68%	58%	66%	+ 8%
Miles Driven	545,219	534,358	454,176	441,503	- 3%
Cost per Mile	\$0.46	\$0.45	\$0.44	\$0.42	- 5%
Number of Vehicles	20	21	20	20	0%

Alternative Fueled Vehicles (AFVs)

State fleets are required to purchase alternative fuel vehicles under the federal Energy Policy Act (EPAAct). The current requirement is that 75 percent of the light-duty, non-emergency vehicle purchases must be vehicles capable of operating on alternative fuels. The State of Ohio has achieved compliance with the requirements of the EPAAct in every year since its inception in 1997.

The state increased the number of AFV vehicles by 1,286 in FY12 which represents a 24 percent increase over the FY11 AFV count. A total of 54 percent of the state fleet is now capable of using alternative fuels such as ethanol and biodiesel.

Alternative Fueled Vehicles	FY09	FY10	FY11	FY12	# Change	% Change
Vehicles Capable of Alternative Fueling	4,923	5,241	5,393	6,679	1,286	24%
Vehicles Total	11,812	12,073	12,164	12,413	249	2%
Vehicles Capable of Alternative Fueling as a Percentage of the State Fleet	42%	43%	44%	54%		

Self-Insured Vehicle Liability Program

Pursuant to ORC Sections 9.823 and 9.83, the DAS Office of Risk Management administers the state's self-insured vehicle liability program. The program covers more than 16,000 state-owned vehicles including self-propelled off-road equipment and watercraft. The program settles bodily injury and property damage claims and provides subrogation (damage recovery) services to state agency customers when their vehicle sustain damage caused by a negligent third party. The base rate for passenger vehicles for FY 12 was \$90 per vehicle.

FY 2010 & 2011 Vehicle Liability Year End Results					
Claims Data	FY09	FY10	FY11	FY12	Change from FY11 to FY12
Number of Claims Processed	1620	1,598	1,537	1,048	- 489
Total Claim Payments	\$1,048,585	\$913,345	\$1,467,103	\$617,762	-\$849,341
Subrogation Recovery	\$516,518	\$524,754	\$669,413	\$539,563	-\$129,850

** Data provided by the Office of Risk Management*

University Certification

Ohio Revised Code Section 125.832(P) requires that state institutions of higher education annually report to DAS by September 15 on their use of a fleet management information system, use of fleet credit cards and purchasing of bulk fuel for motor vehicles. DAS is to compare the information received from the universities to the services it offers to other state agencies and certify whether or not a savings opportunity exists. To aid the universities, OFM developed a Fleet Data Request and forwarded it to the 14 state institutions of higher education to facilitate the collection of data to be used in the comparative analysis.