

FLEET MANAGEMENT

DEPARTMENT MISSION STATEMENT

We are committed to be a well-managed provider of quality and cost-effective fleet services.

DEPARTMENT DESCRIPTION

Fleet Management maintains and repairs the City's fleet of approximately 1,250 vehicles. This total includes approximately 850 sedans, sport utility vehicles (SUVs), light trucks, and vans, with the balance comprised of a variety of heavy-duty trucks and specialty equipment, such as construction equipment, street sweepers, vacuum trucks, garbage trucks, forklifts, light towers, generators, all-terrain vehicles, watercraft, trailers, and pressure washers. Fleet Management also maintains over 100 vehicles for the Village of Key Biscayne and North Bay Village.

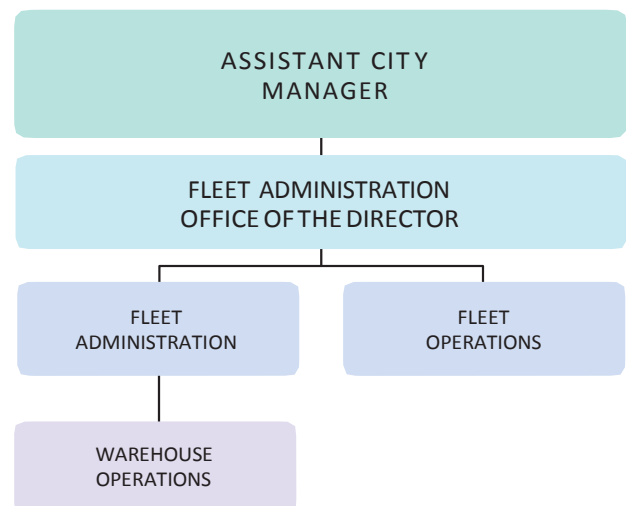
Department responsibilities and activities include:

- **Repairing and Maintaining Vehicles and Equipment** – Includes scheduled preventive maintenance and repairs representing approximately 7,500 service work orders per year. Vehicles are assessed for replacement, during their life cycle, based on criteria as determined by Fleet Management and City policy. Age, mileage, repair history/cost, and general condition are key factors considered when scheduling vehicle replacement.
- **Managing Automotive Warehouse Operations** – Includes ordering and receiving of parts, tools, uniforms and maintenance supplies; fulfilling parts orders for mechanic service work orders; managing inventory; ordering lubricants; disposing of used tires and discarded balancing lead weights; and receiving over 100 bulk fuel deliveries per year.
- **Purchasing/Replacing Vehicles and Equipment** – Includes utilization of competitively procured contracts; piggybacking from State and County contracts; issuing requests for quotes and proposals; and providing up-fitting of new vehicles with safety and utility equipment, utilizing Fleet and outside vendor resources. Approximately 192 General Fund department vehicles and equipment, with an estimated total value of \$7.42-million, are projected to be ordered during FY 2020. Approximately 93 additional Enterprise, Internal Service, and Special Revenue vehicles, with an estimated total value of \$3.46-million, are also projected to be ordered.
- **Purchasing, Dispensing and Distributing Fuel** – Includes management and maintenance of dispensing facility at Terminal Island; administration of Fuel Card Program and various retail accounts; management of inventory; tanker distribution of gas and diesel fuel to various City facilities; fuel management system administration, maintenance and repair; and fuel key management. Approximately 928,000 gallons of fuel were purchased during FY 2018.



DEPARTMENT DESCRIPTION CONT'D

- **Disposing of Surplus Vehicles and Equipment** – Based on various replacement criteria including age, mileage, repair history/cost and general condition. Disposal channels include live and on-line auctions as well as City Commission approved donations. Surplus automotive metal parts and components are collected and sold at scrap value.
- **Providing Fleet Support Services** – Includes responding to emergency callouts for towing and wrecker services for City vehicles on a 24/7/365 basis; limited remote fuel deliveries; collaborating with Risk Management on accident investigations; overseeing outside car wash services; monitoring and administering citywide charges for toll and red light violations; coordination of speedometer testing and vehicle safety inspections; training support in the operation of specialized equipment; and vehicle tag, title, and registration services. Approximately 500 road service calls are typically completed each year.
- **Providing Administrative and Planning Support Activities** – Includes interaction with over 100 vendors; verification, tracking, approving and processing invoices representing over 8,000 vendor transactions and purchasing card transactions per year; chargeback billing to departments for services and products provided; processing monthly off-road fuel tax reimbursements with the State; overseeing compliance with all operating permits; and collaborating with all departments in developing vehicle replacement budgets that meet their operational needs.

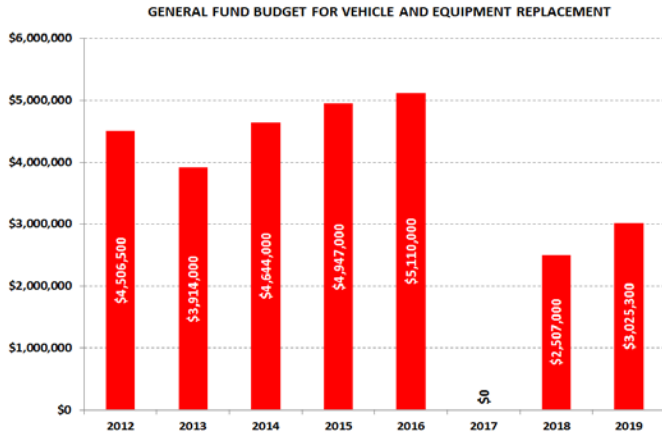


FLEET MANAGEMENT

FISCAL ENVIRONMENT

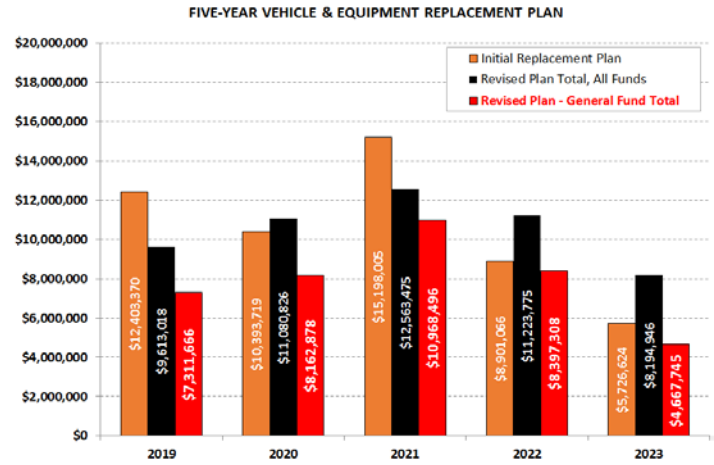
The Fleet Management Department is an Internal Service organization, deriving its revenue from all departments that operate City-owned vehicles through a department chargeback process on a “pay-as-you-go” basis. Charges are made for fuel dispensed with a 13-cent markup to support fuel operations assets and activities, including fuel dispensers, fuel tanker truck, and automated fuel tracking system, and related computer hardware and software. Mechanic labor rates average \$93.00/hour. Vendor sublet rates are marked up by 10% and parts are marked up by 20%. Charges cover Fleet Management’s administrative and operating expenses for services and warehouse operations. Vehicle loans are the primary source of funds for purchasing replacement vehicles for the General Fund departments. Vehicles are replaced based on age, mileage, condition and repair costs.

Securing adequate vehicle replacement funding is Fleet Management’s greatest challenge and has accelerated to a worsening replacement cycle gap during recent years. Average available General Fund funding for vehicle replacement was \$4.64M from FY 2012 through FY 2016 and \$1.90M from FY 2017 through FY 2019. The below chart illustrates GF budgets for vehicle replacement by fiscal year.



Failure to adequately fund vehicle replacements according to recommended replacement cycles has been shown to cause several problems, including higher maintenance and fuel costs, increased vehicle breakdowns, and a lower level of fleet readiness that impacts the ability of City departments to effectively conduct operations and deliver services. Equally important is the aging trend of the City’s fleet. Replacing vehicles and equipment at the end of their useful life produces savings and related positive results. In light of the challenging funding environment for replacing vehicles, Matrix Consulting Group was retained to assess the City’s fleet asset replacement practices and offer recommendations on a replacement plan and funding options. Their final report recommends increased funding to address the vehicle replacement backlog. The “Five-Year Vehicle & Equipment Replacement Plan” graph below reflects Matrix’s initial funding recommendations (orange bar on chart). These were further evaluated and reduced, based on more representative replacement cycles and operating conditions of the City’s fleet. The final revised total recommended funding (General Fund + Enterprise + Internal Services + RDA Department) is represented by the second (black) bar of the graph, while the recommended funding for General Fund department vehicles is represented by the third (red) bar of the graph - \$7.3M in 2019.

FISCAL ENVIRONMENT CONT'D



STRATEGIC ALIGNMENT

Main Vision Area:

Environment & Infrastructure

Management Objectives:



- **Environment & Infrastructure**
 - Make existing and new government buildings, assets and fleet efficient, sustainable and resilient
- **Organizational Innovation**
 - Support all objectives to improve decision making and financial stewardship, making the city more business friendly, with an employee culture of problem solving and engagement

Strategic Plan Actions:

- N/A

Budget Enhancement Actions:

- N/A

Resilient305 Actions:

- **EXPAND** Renewable Energy
- **DRIVE** into the Future!
- **IT'S** Electric!

FLEET MANAGEMENT

BUSINESS ENVIRONMENT

The Fleet Management Department has diverse responsibilities within the City and works closely with client departments to ensure that their vehicles and equipment support their operational needs and that their expectations are met. In this capacity, Fleet Management provides a wide range of support services to end users, including necessary training to maintain and operate vehicles and equipment safely. Client departments are made aware of the importance of having their vehicles/equipment brought to Fleet Management for preventive maintenance, when scheduled, to ensure that the cost of repairs is minimized. Operating and care practices of vehicles/equipment can also impact Fleet Management's business environment and its client department's operation. Fleet Management strives to use best industry practices to provide cost effective fleet services and seeks to leverage technology to improve business processes and services.

The department reviews internal processes, as well as key existing contractual and professional partnerships, on an on-going basis, to identify improvement opportunities and seek the most cost-effective balance between in-house and outsourced services. Fleet Management has also pursued additional revenue enhancement opportunities by growing the percent of repair services to other area municipalities and by proposing innovative opportunities such as the use of the Shop 1 building wall (facing Government Cut ship channel) for placement of exterior advertising. Over five million cruise passengers sail past the Fleet Management facility every year.

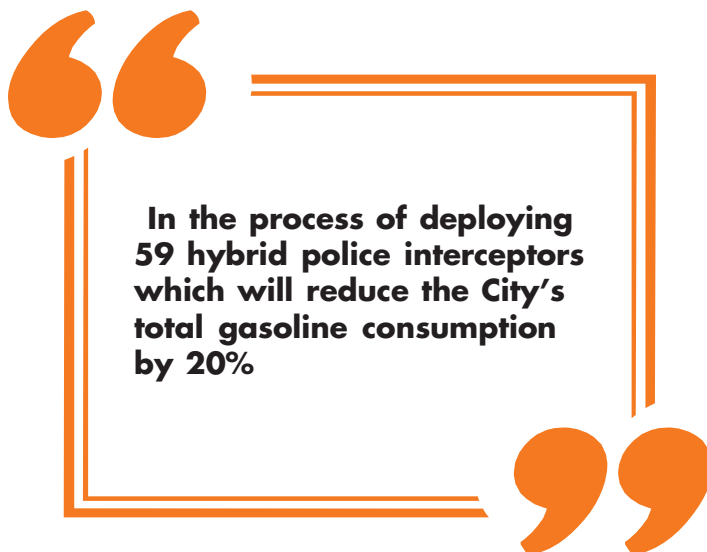
Fleet Management continues to provide vehicle maintenance and repair services for the Village of Key Biscayne. Maintenance and repair services initiated for North Bay Village first responder vehicles in FY 2017 were recently expanded, in FY 2019, to include an additional 30 public works vehicles. A draft maintenance and repair services proposal recently submitted to a potential new client - the City of Sunny Isles Beach - for maintaining their utility transport van fleet is under review. These outside partnerships provide additional revenue to Fleet Management and help offset operational expenditures.

SIGNIFICANT ACCOMPLISHMENTS

- **Achieved High Overall Availability of Fleet Vehicles** – Achieved overall average availability of citywide fleet vehicles and equipment of 95% for FY 2018, including 96.3% for all Police Department vehicles and 95.5% for all Fire Department vehicles.
- **Vehicle Replacement Study** – In the absence of adequate vehicle and equipment replacement funding in recent years, the department contracted with Matrix Consulting Group to assess the City's vehicle replacement policies, practices, and funding strategy and provide recommendations on a long-term replacement plan. Final report completed and submitted to the Office of Management and Budget (OMB) for use as supporting document in securing vehicle loan, as well as the basis for the FY 2020 proposed vehicle replacements.

SIGNIFICANT ACCOMPLISHMENTS CONT'D

- **Vehicle Utilization Study** – In conjunction with the Replacement Study, the department also retained Matrix Consulting Group to conduct a comprehensive vehicle utilization and right-sizing study to identify opportunities to streamline fleet sizes and identify potential surplus vehicles and equipment. The study identified 18 vehicles that could be eliminated representing savings of approximately \$1,000,000 in avoided replacement costs in future replacement cycles - approximately every seven years - as well as annual maintenance and repair savings of approximately \$18,000.



- **Continued "Greening" of City Fleet** – The City's fleet includes 21 gasoline hybrid-electric vehicles (HEV) and one fully electric vehicle - operating in ten City departments. The City's first electric vehicle, under active use and evaluation, was purchased by the Parking Department, and electrical charging stations installed at the 42nd Street Parking garage and at Fleet's Terminal Island facility. Approximately ninety-five percent of the City's sedans, excluding Police and Fire, are higher MPG rated compact, HEV and electric vehicles. Police patrol vehicles account for approximately 44% of the gasoline consumption of all City vehicles. In late 2019, Ford will roll out the first HEV Utility Interceptor patrol vehicle. A purchase order was issued in early 2019 by Fleet Management for delivery of one HEV Utility Interceptor for testing by the Police Department. Based on preliminary analysis, this pursuit-rated HEV has the potential to achieve as much as a 40% reduction in fuel consumption in patrol vehicles. Contingent on successful testing by the Police Department, the objective is to commence transitioning to patrol HEVs with a significant percentage of patrol vehicles ordered through the FY 2020 budget. This initiative represents the greatest addressable and most cost-effective opportunity to maximize the reduction of greenhouse gases (GHG) within the City vehicle fleet.

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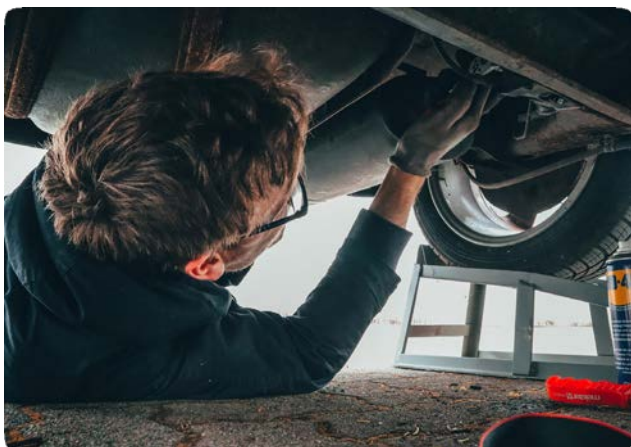
SIGNIFICANT ACCOMPLISHMENTS CONT'D

- **Completed AVL System Conversion** - Completed conversion to superior TrackStar vehicle tracking program in FY 2017, resulting in a savings of approximately \$135,850/year or 70% reduction in combined maintenance and data costs, including telecom expenses. The savings were reflected in the FY 2018 budget.
- Maintained High Training Level for Fleet Employees – Fleet employees completed 220 individual training sessions, representing 452 aggregate training hours, with an average of nearly 22 training hours per employee during FY 2018. This included online technical courses, hands-on, on-site equipment training through various dealers, and citywide training courses.
- Surplus Vehicle Disposal – Continue to hold live auctions to maximize proceeds from surplus vehicles and equipment. Since FY 2016, four auctions have resulted in the sale of 465 vehicles and equipment, generating net proceeds of nearly \$1.4M.
- Service Shopper Program – Maintained FY 2018 Service Shopper Program Combined Average Score above 4.00 target (4.86 out of out of 5.00, or 97%).

CRITICAL SUCCESS FACTORS

Critical success factors to Fleet's operation include:

- **Securing Adequate Vehicle Replacement Funding** – The vehicle replacement cycle gap has worsened during recent years. A study completed by Matrix Consulting Group in 2018 found that fleet replacement practices are sound. However, the study also confirmed that available funding for the replacement of fleet assets has been lower than required in the past and has resulted in a significant vehicle replacement backlog, adding that a properly funded long-range fleet replacement plan needs to be implemented. As was noted in the Fiscal Environment section above, failure to adequately fund vehicle replacements according to recommended replacement cycles has been shown to cause several problems, including higher maintenance and fuel costs, increased vehicle breakdowns, and a lower level of fleet readiness that impacts the ability of City departments to effectively conduct operations and deliver services.



CRITICAL SUCCESS FACTORS CONT'D

- **Securing Adequate Parking for Fleet and Sanitation Operations** – The 2.2-acre City-owned parcel at Terminal Island is an ideal location for Fleet Management operations. However, the existing facilities shared with the Sanitation Division are unable to fully accommodate: parking and staging of active Sanitation service vehicles and equipment; receiving, storing, and prepping new vehicles/equipment by mechanics and vendors; transferring, storing, and de-commissioning of vehicles to be auctioned; and parking of employee-owned vehicles. Consequently, overflow parking of City and employee-owned vehicles spills onto the State owned Terminal Island Road right-of-way (ROW) fronting the City property; a small adjacent plot, owned by FPL, fronting their sub-station property; as well as off-site City garages. These conditions result in operational inefficiencies and lost productivity. The use of off-site garage facilities for the parking and retrofitting of City vehicles also reduces the number of available revenue generating parking spaces for the Parking Department and may trigger complaints from constituents. The on-going redevelopment of the Convention Center District will likely restrict the future availability of parking spaces for non-revenue generating activities at the 17th Street Garage. These existing conditions will be further aggravated, with the anticipated loss of approximately 50 parking spaces when the reconfiguration of the Terminal Island Road ROW is completed. The ROW work is tied to the construction of the new Fisher Island Parking Garage and Ferry Terminal Project within the property fronting the U.S. Coast Guard Station. Given the convenient location and critical support nature of departments based at Terminal Island, it is prudent to continue previously noted on-going Terminal Island redevelopment discussions with the adjacent property owner partnership group for the phased construction of a new stand-alone Fleet/Sanitation facility at no cost to the City that would alleviate the space and parking challenges experienced by Fleet and Sanitation operations.
- **On-Going Replacement/Acquisition of Vehicle Lifts, Shop Equipment, and Diagnostic Software** – Continued replacement of outdated equipment and tools will allow mechanics to improve productivity and stay current with growing predominance of electronic diagnostic and testing technologies.

FUTURE OUTLOOK

- External factors that may impact future vehicle purchase may include future federal, state, county and local government mandates, funding availability, sustainability initiatives and fuel efficiency standards and costs.