

# OHIO DEPARTMENT OF TRANSPORTATION

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## **Fleet Management Life Cycle Program**

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# Goal of Life Cycle Program

- ① To have a newer more reliable fleet
- ② Predictable, consistent and predetermined budget



# Background

- ④ This was first done with our snow and ice trucks
- ④ Placed on 8, 10 & 12 year cycles depending on county and region in the state
- ④ Auditors looked at 10 different equipment types
- ④ Centralized budget
- ④ Given \$20 million a year
- ④ Statewide equipment request were over 30 million



# Auditors Opinion

- ④ **Auditors were brought in and gave us an opinion on when vehicles should be sold**
  - ④ Reviewed Sedans, SUVs, Vans, & Pickups
- ④ **Lowest cost of ownership**
  - ④ Where were we losing money?
- ④ **Sell when warranty runs out**
  - ④ Larger return in resale
  - ④ Less repair and maintenance cost
- ④ **Auctions**



# Auditor's Suggested Life Cycles

- **Suggested life cycles**
  - Sedans – 4 Years
  - SUVs – 4 to 5 Years
  - Mini Vans – 5 Years
  - Cargo Vans – 7 Years
  - 12-15 Passenger Vans – 6 Years
  - ½ Ton & ¾ Ton Pick-ups – 5 Years
  - 1 ton Pick-ups – 4 Years
  - Utility Trucks – 11 Years
  - 1 Ton Dump Trucks – 10 Years



# Cost?

## 🕒 The Initial Cost

- 🕒 Sedans – 95 Per year \$1,608,654
- 🕒 SUVs – 20.5 per year \$495,961
- 🕒 Mini Vans – 14 Per year \$294,624
- 🕒 Cargo Vans – 9.4 Per Year \$247,488
- 🕒 12-15 Passenger Vans – 4.8 Per Year \$90,531
- 🕒 ½ Ton & ¾ Ton Pick-ups – 333 per year \$8,150,723
- 🕒 1 ton Pick-ups – 61.5 Per Year \$1,845,396
- 🕒 Utility Trucks – 20.2 Per year \$631,981
- 🕒 1 Ton Dump Trucks – 15.2 Per year \$645,806
- 🕒 Total Cost \$14,025,625



# Three Options

- ④ **Department of Administration services & ODOT recommendation**
  - ④ Cost per year \$24,542,544
- ④ **Current Practice**
  - ④ Cost per year \$21,978,580
- ④ **Auditor's recommendation**
  - ④ Cost per year \$30,304,884



# Fiscal Year 17 budget


- ④ Budget set at \$20,000,000
- ④ Equipment request at \$30,000,000+
- ④ We had to determine a way to fairly distribute the budget
- ④ Looked at 3 factors
  - ④ Lane miles
  - ④ Number of employees
  - ④ Cost to replace fleet





# Fiscal Year 17 budget (Cont.)

## Relied on the Districts

-  To contact the dealer and get quotes
-  Allows the district to get what they need



# How do we close the gap?

- ④ A little over a \$10,000,000 shortfall per year
- ④ Auction proceeds will be added back to the budget
- ④ Selling vehicles at an earlier age and saving on repairs and maintenance costs
- ④ Possibility of reducing dump trucks and pick ups
- ④ Doing more work in-house instead of contracting out
- ④ Having light winters, saving on salt



# Savings

## ☉ For ½ Ton Pick-Up

☉ Example 2011 Ford F-150 4X4 Crew Cab with 60,000 miles in “Good” Condition

☉ Original purchase Cost \$19,731

☉ Blue Book value \$24,813

☉ Resale value 70% of Blue Book value = \$17,369

☉ Cost to purchase today \$29,050



# Tractors and Loaders

- ④ **Most of our districts have started a tractor trade-in program**
  - ④ High start up cost
  - ④ New tractor every 3 years
  - ④ Starting to turn over loaders on a 3 year cycle



# Budget set up for Fiscal Year 2018

- ④ Still unsure how we will distribute the budget
- ④ Would prefer to not use the weighted average method
- ④ The goal is to have closed the \$10,000,000 gap and be able to predict what will need purchased by age
- ④ Predictable, consistent budget with predetermined lifecycles
- ④ What is the correct lifecycle



# Questions?

