

Rising Fleet Costs and Remedies

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Potential Cost Savings Areas

1. Manage Preventive Maintenance, Recalls

- 2. Manage Driver Behavior
- 3. Manage Extraordinary Expenses
- 4. Rightsize Your Vehicles
- 5. Rightsize Your Fleet



1. Manage Preventive Maintenance, Recalls

"You can pay me now, or you can pay me later."

Adhering to PM schedules and promptly addressing recalls has been shown to:

Extend vehicle life Improve fuel efficiency Reduce downtime Avoid AIEs for negligence Enhance vehicle resale

Bottom line: don't delay PMs, recalls. They reduce expenses in the long run.



2. Manage Driver Behavior

Best practices, *(Automotive Fleet Magazine)* Hire drivers with a clean record Inform drivers of their accident accountability Teach safe practices Gain the 1-second advantage Support the driver with realistic delivery expectations

Leverage telematics data

Track driver performance using telematics

Reconstruct accidents, reduce liability

Motivate driver to act on amber light, knowing manager sees it too

Geotab suggests telematics tools can reduce accidents, as well as driver injury, downtime, liability.



3. Manage Extraordinary Expenses

Educate drivers on what constitutes Agency - Incurred Expenses (*see AIE Guide*). Best practices apply to Agency-Owned as well.

Employ telematics to monitor, improve driver behavior.

Replace M&R-prone vehicles first to contain repairs and AIEs. [Leasing customers get a prioritized replacement list.]



The goal is to use the most efficient vehicle necessary.

<u>41 CFR 102-34.5</u> calls for "Limit motor vehicle body size, engine size and optional equipment to what is essential to meet your agency's mission."

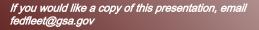


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4. Rightsize Your Vehicle

Federal vehicles appear to have grown in size.

Have our missions changed so much?





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4. Rightsize your vehicle

Yes and No! SUV growth due to: LE equipment/cargo needs LE sedans not offered Evolving categories



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4. Rightsize your vehicle

OEMs are moving back into sedans. Consumers are downsizing.



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4. Rightsize Your Vehicle

By CPM, sedans offer cost advantages over SUVs

	Cost per Mile		
Sedans	\$0.6946		
Passenger Vans	\$0.8392		
SUVs	\$0.8192		
Light Trucks	\$0.9202		

Source: 2023 FedFleet Report. Costs: Table 3 - 1, Miles: Table 4-1



Look for candidates for elimination during your annual VAM process or during the acquisition cycle.

<u>FAST</u> data includes mileage and fuel, which can be verified by telematics.

Telematics can provide a more complete analysis of utilization, by using

- Engine Hours
- Driving Hours
- Days Used



Applying utilization criteria to federal vehicles with telematics, we found **12.4% vehicles** could be classified as low utilization by meeting all of the following:

< 2,000 MPV

<101 Days Used

< 351 Engine Hours

< 301 Driving Hours



Vehicles of all types can be underutilized, but are overrepresented in Agency-Owned, Sedans, MD Vans, and LD minivans

	Vehicle Count	Low Utilization	
Agency Owned	48%	56%	
GSA Fleet Leased	52%	44%	

	Vehicle Count	Low Utilization
Light Duty Pickup	19%	15%
Sedan/Station Wagon	24%	26%
Medium Duty Van	15%	19%
Light Duty SUV	20%	15%
Medium Duty Pickup	8%	7%
Light Duty Van	1%	2%
Light Duty Minivan	13%	16%



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STRs can fill temporary needs

Assume you need a vehicle for only 60 days

CTD

Consider period of performance, lease vs STR rates, breakeven period

	SIR	GSA Lease
Sedan, Compact	\$1,829	\$3,132
SUV, Medium	\$2,594	\$4,776
Minivan	\$2,721	\$3,840



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A GSA Internal Fleet Case Study

Motor pools/car sharing

After studying usage patterns, GSA has grouped 15-20% of its internal fleet into a carsharing program, reducing the need for vehicles.

Utilization analysis

GSA used FAST, telematics, and GSAFleet.gov to collect utilization data to collapse partial-use vehicles into a high utilization fleet. Since FY 2020, GSA has shrunk its internal fleet by **12%** and boosted miles per vehicle by **20%**.



5. Rightsize Fleet - Savings

Two Scenarios

	Miles/Veh	Total Miles	Cost
100 Midsize SUVs (105B)	8,000	800,000	\$841,600
80 Midsize SUVs (105B)	10,000	800,000	\$719,680

Are we getting the most from our vehicles?

GSA Lease Rates, 105B: \$509.00/Month, \$0.29/Mile



Recap of Potential Cost Saving Areas

Manage preventative maintenance, recalls
Manage driver behavior
Manage extraordinary expenses
Rightsize your vehicle
Rightsize your fleet

Questions?

If you would like a copy of this presentation, email fedfleet@gsa.gov



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