

GOVERNMENT FLEET PRESENTS

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SAN DIEGO

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San Diego Convention Center
SAN DIEGO, CALIFORNIA

JUNE 4-7, 2018

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Getting More From Your ISF & Rate Development

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Properly Utilized ISF's & Rates Can

Allow Extremely Accurate Cost Projections

Limit Agency Level of Service Impacts

Reduce Shop Distractions

Simplify the Billing & Budgeting Process

Drive Better Asset Management Behavior

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Our Sample Agencies

Libraries

- 2 Vans, 1 Sedan
- 950 Gallons of Fuel/Yr

Parks

- 40 Vehicles, 160 Pieces of Equipment
- 25,000 Gallons Fuel/Yr

Public Works

- 75 Vehicles, 325 Pieces of Equipment
- 350,000 Gallons Fuel/Yr

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Sample Agency Budgets

	<u>Replacement</u>	<u>M&R</u>	<u>Fuel (\$3/G)</u>	<u>Total</u>
Libraries	\$8200	\$3850	\$2850	\$14.9K
Parks	\$400K	\$280K	\$75K	\$755K
Public Works	\$2.6M	\$1.3M	\$1.1M	\$5.0M

Maintenance Collection Methodology

Time & Materials

- Most Common ISF Method
- Most Accurate
- Most Subject to Customer Scrutiny
- Most Subject to “Meddling”

Maintenance Collection Methodology

Cost/Mile & Cost/Unit

- Not As Accurate
- Easier/Accurate Forecasting
- Modify Customer/User Behavior

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Maintenance Collection Methodology

	<u>Time & Mat</u>	<u>Cost/Mile</u>	<u>Cost/Veh</u>
Drives Good Behavior	Worst	Better	Best
Shop Involvement	Worst	Best	Best
Cost Forecasting	Worst	Better	Best
Small Agency Impact	Worst	Best	Best
Accuracy/Vehicle	Best	Better	Worst

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Maintenance Collection Methodology

Mid-Size Sedan Maint Rate Calculation				
Calculated Rates/Data			Unit	Net Cost
Labor/Hr	\$100	Total Hour Billed	1000	\$ 100,000
Parts Mark-Up	25%	Parts Cost	\$ 60,000	\$ 75,000
Vehicle Count	100	Sublet Costs	\$ 25,000	\$ 25,000
Annual Miles Driven	1,000,000			
		Total Maint Cost		\$ 200,000
		Cost/Month		\$ 167
		Cost/Mile		\$ 0.20

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Maintenance Collection Methodology

Other Considerations (Fees)

- Minimum Mileage Charge
- Idling Charge
- Late PM Charges (??)

Overhead/Mark-Up Collections

Mark-Ups & Point of Sale Transactions

- Fuel \$/Gal
- Parts Room
- Central Stores

Overhead/Mark-Up Collections

Allocation of \$200,000 of Fuel Infrastructure Costs

Department	Agency Site (gal)	Credit Card (gal)	Total Gal Used	% Of Total	Department Charge
Fire	50,000	10,000	60,000	12%	\$ 24,000
Sheriff	200,000	100,000	300,000	60%	\$ 120,000
Public Works	100,000	-	100,000	20%	\$ 40,000
Parks	20,000	20,000	40,000	8%	\$ 16,000
Total	370,000	130,000	500,000	100%	\$ 200,000

Fuel Cost Hedging W/ISF Reserve

- All Risk Carried in the Reserve
- Fix or Cap Fuel Prices for the Year
- Reduce Fluff in Fuel Budget
- Little/No LOS Impact on Departments
- Recoverable Over Multiple Years

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Fuel Cost Hedging W/ISF Reserve

Scenario: Two months cost = \$2.65; then spikes to average \$4 remainder of year; volume holds true at 1M gallons

	Througput (gal)	Estimated \$/Gal	Price Buffer/Gal	Budget \$/Gal	County X Budget	County Expense	Budget Variance	ISF Net
No hedge	1,000,000	\$ 2.75	\$ 0.50	\$ 3.25	\$ 3,250,000	\$ 4,000,000	\$ (750,000)	\$ -
Hedge at Budget	1,000,000	\$ 2.75	\$ 0.25	\$ 3.00	\$ 3,000,000	\$ 3,000,000	\$ -	\$ (1,000,000)
Hedge as Cap	1,000,000	\$ 2.75	\$ 0.25	\$ 3.00	\$ 3,000,000	\$ 2,800,000	\$ 200,000	\$ (1,200,000)

Driving Better Behavior

Low Cost Options Priced Separately

Good Vehicle Budgeting Policies/Rules

- Excess Turn-In
- Wrong Vehicles
- Budgeting Practices
- Rentals

Allocate “Losses” in Next FY Rates

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Expectations

Senior Administration

Budget Office

Customers/Departments

Fleet Management

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