

Salt Lake City Corporation
 Departmental 6 Year Business Plan

Department of Public Services, Fleet Division

- *Fleet Administration*
- *Fleet Stockroom*
- *Fleet Heavy Shop*
- *Fleet Light Shop*
- *Fleet Fuel Operations*
- *Fleet Replacement*

Lamont Nelson, Fleet Division Manager

Mission Statement

We will provide and maintain quality vehicles and equipment, and the fuel necessary for City departments to efficiently and effectively serve the citizens and visitors of Salt Lake City.

Goals and Objectives

Customer	Measures	Cumulative Targets					
		2003-4	2004-5	2005-6	2006-7	2007-8	2008-9
Excel in Municipal Services and Continuously Improve Service Delivery: Promote well-being of the public by continuously improving municipal service delivery.	1. Survey Results: Customer service satisfaction survey ratings.	92%	94%	94%	95%	95%	95%
Protect and Enhance the Environment: Conserve resources and proactively manage environmental issues.	1. Increase the amount of alternative fuel used by Fleet by 30% by FY05-06.	20%	25%	30%	30%	30%	30%

Salt Lake City Corporation
 Departmental 6 Year Business Plan

Goals and Objectives – continued

Efficiency and Effectiveness	Measures	Cumulative Targets					
		2003-4	2004-5	2005-6	2006-7	2007-8	2008-9
Create High Performance Services: Provide customers with best-in-class services.	13. Vehicle Replacement: Percent of Vehicles Replaced According to Schedule	90%	90%	90%	90%	90%	90%
	14. Maintenance Expenditures per vehicle (ICMA mean for FY01 was \$2,916; SLC expended \$2,200 per vehicle in FY01)	≤ \$2,000	≤ \$2,000	≤ \$2,000	≤ \$2,000	≤ \$2,000	≤ \$2,000
	15. Percentage of vehicles that exceed replacement criteria by type of vehicle (Establish baseline via ICMA CPM, then reduce by 10% by FY08)	Establish Baseline	2.5% reduction	5% reduction	7.5% reduction	10% reduction	10% reduction
	16. Identify and benchmark 1 significant process against best-in-class per year.	N/A	1	1	1	1	1
	17. Implement process improvement teams and continuously improve the process.	N/A	1	1	1	1	1
	18. Implement 2 environmental improvement tasks per year from the Environmental Management System (EMS) priorities.	2	2	3	3	4	4
Promote Professional Customer Interactions: Provide city employees with customer service training to raise customer satisfaction level.	1. Train 1/3 of division employees in customer service skills yearly.	67%	100%	33%	67%	100%	33%
	2. Improve upon the baseline for customer satisfaction by 5% over five years.	+1%	+2%	+3%	+4%	+5%	+5%

Salt Lake City Corporation
 Departmental 6 Year Business Plan

Goals and Objectives - continued

Workforce Quality	Measures	Cumulative Targets					
		2003-4	2004-5	2005-6	2006-7	2007-8	2008-9
Attract and Retain Qualified Employees: Attract and retain qualified employees to ensure effective delivery of municipal services in a cost-effective manner.	1. Maintain employee satisfaction survey ratings of at least 80%.	80%	80%	85%	85%	85%	85%
	2. Ensure 90% of new hires are rated satisfactory or above on their five-month new employee performance appraisal.	90%	90%	90%	90%	90%	90%
	3. Ensure that the ratio of applicants remains higher than ICMA's benchmark per year. (25 applicants per job)	25	25	25	25	25	25
	4. Maintain turnover rate below 10% per year.	≤10%	≤10%	≤10%	≤10%	≤10%	≤10%
Improve Employee Job Skills and Knowledge: Identify organizational-wide training priorities for the next two years to sharply focus training resources on skills and competencies required to excel at providing municipal services.	1. Completion of employee training as set forth in the strategic training plan.	90%	91%	92%	93%	94%	95%
	2. Percent of division training and technology targets met.	80%	80%	85%	85%	85%	85%
Increase Diversity: Increase diversity of the City's workforce to match or exceed the labor force of the Wasatch Front.	1. Increase total percentage of minority employees within the department (FY02 total was 14.93%).	+1%	+1%	+1%	+1%	+1%	+1%

Salt Lake City Corporation

Departmental 6 Year Business Plan

Narrative

The Fleet Division operates as an internal service fund, providing vehicle maintenance and replacement services for Salt Lake City's 1,356 light vehicles and 720 heavy vehicles and equipment in a time efficient and cost effective manner and according to industry standards.

A complete cost center-by-cost center look-ahead addressing the questions below follows:

- What anticipated changes in demand, customers, and/or services are expected?
- What is the relationship between the services provided by this division and other programs, either within or outside of the City?
- What is the anticipated increase or decrease in funding, staffing, and/or expenses, and what is causing the change?
- What assumptions have been made and what sources of information are used?
- What comparisons to national/local standards and other benchmarks are used?
- Is there any additional information that explains what is anticipated, and why it is reasonable to expect that change?

Fleet Administration

Budget restrictions are placing an increased demand upon Fleet Administration to identify additional ways to reduce fleet maintenance costs. Collecting as much warranty reimbursement as possible provides a great opportunity to reduce overall cost. Fleet Administration anticipates that it can recapture more than \$100,000

dollars annually through implementation of a more aggressive warranty program. In Fiscal Year 2003-04, the Fleet Division has budgeted for an additional accountant position. In addition to handling monthly billings, this position will allow the Division to proactively recover warranty revenue, more than offsetting its cost.

USDOT regulations require inspections, training and record keeping for all employees operating heavy equipment. Divisions operating only a few heavy units are not able to most efficiently ensure compliance with these regulations. Because Fleet Management is involved in operation of all city heavy equipment, and because the Fleet Director has extensive experience in DOT compliance programming, Fleet Management is a logical site to house the City's compliance program. Centralizing compliance will help ensure availability, quality and consistency of product. The Division intends to work with other City departments in the near future to centralize this program.

Fleet Administration intends to continue developing its pooled motor vehicle program over the next six years. Motor pool purchases must compete with other vehicle and equipment needs each year, which results in a slower build up to the desired size pool. However, vehicles from City departments that are being underutilized have been reclaimed and are being used within the motor pool. Other challenges include scheduling vehicles, transporting vehicles for cleaning and fueling, and identifying a location to park the pool vehicles that will be readily available to all users. Fleet Administration intends to have the motor pool program fully functional within the six year planning period.

Salt Lake City Corporation

Departmental 6 Year Business Plan

Fleet Stockroom

The more parts that are available for immediate installation, the less time a repair or preventive maintenance process takes. Faster repairs lead to lower downtime. Based on the recommendations of the audit conducted of the Fleet Division in 2001, Fleet Management has set a performance target of maintaining a stock efficiency of 85% that allows a 95% equipment availability to be achieved.

The size and configuration of the current parts operation is inadequate to maintain this level of stock efficiency. The current warehouse also presents some safety challenges. The Fleet Division is currently developing a long range plan for addressing these needs by expanding and improving the parts warehouse facility. The alternative is to stock less and risk longer repair times and greater vehicle and equipment downtime.

Fleet Management is evaluating the potential, within a larger parts facility, for the Fleet Division to stock non-motive items for other divisions and provide those items at a reduced cost. The Fleet Division would offer other divisions the knowledge, facility, software, processes and training necessary to efficiently order, receive, store and dispense materials and equipment.

Fleet Light and Heavy Shops

As has been discussed in the Fleet Five Year Improvement Plan and previous Fleet Five Year Business Plans, as the City's fleet ages general maintenance on the fleet will be more expensive. Major repairs will also increase in number and cost. Any reduction in the proposed amount of annual fleet replacement will result in increases in maintenance expenditures which will require the use of existing fleet fund balance (cash reserves).

Fuel Operations

It can be expected that world events will continue to significantly impact the price of fuel. Best estimates within the fleet industry anticipate fuel prices fluctuating as much as 25% over the next six years. Salt Lake City is able to continue to be competitive in its provision of fuel due to its tax-exempt status. The Fleet Division intends to continue to provide fuel at a price at least \$0.20 less than the market rate.

Fuel consumption within the City's fleet is beginning to decrease due to the acquisition of smaller vehicles. Several city departments were able to decrease their budgeted fleet expenditures in the Fiscal Year 2003-04. It is anticipated that fuel consumption will decrease 10% over the next five years, which is estimated to decrease fuel expenditures by \$60,000 over the same period.

The Fleet Division continues to work toward its objectives in providing alternative fuel vehicles for City use. The alternative fuel vehicle industry is rapidly changing and the available financial incentives are not yet significant enough to provide the City with adequate resources for its targeted conversion.

Fleet Replacement

A continuing area of focus during the next five years will be the reduction of the size of the fleet. The average age of the fleet is slowly declining, due to recent efforts on the part of the City to replace vehicles and equipment according to a replacement schedule based on life cycle analysis. As the average age of the fleet decreases, it is possible to remove equipment held as reserve or "spare" equipment. The fleet pool concept is also intended to contribute to the fleet reduction effort.

Salt Lake City Corporation Departmental 6 Year Business Plan

A list has been prepared, based on the life cycle analysis as recommended within a recent audit, identifying each vehicle and piece of equipment that needs to be replaced in the next five years. To accomplish the replacement of these vehicles without reducing the size of the fleet, will require between \$4.9 million and \$5.6 million annually from the General Fund. This level of replacement will contribute an average of 2% to the Fleet fund balance, from which the Fund will draw heavily in Fiscal Years 2006-07 and 2007-08. The Fleet Division's Balanced Scorecard requires that the Fleet program contribute at least 1% to the Fleet fund balance each year. The current General Fund replacement funding is at approximately \$4.5 million. The Fleet Division can minimize the overall cost of fleet operation by adhering to the replacement list. If available replacement funding requires that the Fleet Division increase the life span of vehicles beyond calculated life cycle, maintenance costs will increase.

The Fleet Division will continue to finance vehicle purchases through the lease purchase program. The Division must balance lease purchases with cash purchases to avoid lean purchase years, as this creates a challenge for the Division in terms of efficiently utilizing staff. Revenue from the sale of General Fund vehicles being replaced will be used towards purchases. The Division

expects proceeds from sales to increase as the value of equipment sold increases.

It is anticipated that federal funds for security and terrorism response will provide an increase in the replacement and acquisition of public safety vehicles. This would mean more equipment and possibly different classes of equipment. These vehicles will not impact the City's ability to purchase other necessary vehicles for the Police Department or other City departments.

Fleet Facility

The Fleet Division is currently participating in a process improvement team with members of the Streets Division to identify how the current facility and yard at the present Fleet location can be better utilized to improve efficiencies and address environmental and safety issues within the Division. The Division's intent is to address the issues addressed in a recent audit of the fleet operation. Once a design for the facility is prepared by the Engineering Division, a proposal for funding the necessary improvements will be prepared.