

**OFFICE FOR EXCELLENCE IN
GOVERNMENT**



REPORT ON

**STATE OF ARIZONA'S
LIGHT-DUTY VEHICLE FLEET**

PREPARED FOR

**ARIZONA LEGISLATURE STUDY
COMMITTEE ON STATE ASSETS**

JANUARY 1996



OFFICE FOR EXCELLENCE IN GOVERNMENT

January 31, 1996

Members of the Joint Legislative Study Committee on State Assets:

Transmitted herewith is a report of the State of Arizona's Light Duty Vehicle Fleet from the Governor's Office for Excellence in Government (OEG). This report is in response to a July 12, 1995 request from the Joint Legislative Committee.

As requested, this OEG report contains the following: 1) recommendations regarding potential opportunities for streamlining the ADOA and ADOT vehicle fleets commencing with a review of the ADOT/ADOA Interagency Service Agreement; 2) findings and recommendations related to a review of Light Duty Fleet procurement methods, vehicle dispatch policies and procedures, and utilization and capacities of the State's motor pool facilities to include vehicle maintenance facilities; and 3) findings and recommendations on opportunities to consolidate and reduce duplication amongst all state motor pools.

Specifically, OEG recommends the establishment of a statewide Light Duty Vehicle Administrator. Additionally, OEG recommends the centralization of procurement specifications, the establishment of utilization standards, oversight of fleet maintenance agreements, and the establishment of a central, comprehensive vehicle database. These elements, currently missing from the State's decentralized and multi-system fleets, are imperative to improving the efficiency and management of the State's fleet. Finally, OEG recommends the State pursue opportunities for outsourcing some aspects of the Light Duty Fleet subsequent to implementation of the Competitive Government Program.

OEG staff and I stand ready to discuss or clarify items in the report.

Sincerely,

A handwritten signature in black ink that reads "Phyllis L. Knox".

Phyllis L. Knox
Director



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EXECUTIVE SUMMARY

The Office for Excellence in Government [OEG] has completed its review of the State's Light-Duty Vehicle fleet as requested by the Joint Legislative Study Committee on State Assets. OEG conducted this study from August 1995 through January 1996.

SUMMARY FINDINGS

As provided for by A.R.S. §41-803, there are ten Light-Duty Vehicle fleets owned by the State with approximately 7,461 vehicles. The combined estimated asset value is \$54,456,557. In addition, eight of these agency fleets operate their own maintenance facilities. (The above estimates are as of December 31, 1995.) Most notably, OEG found:

- **No Centralized Asset Inventory Reporting System:** OEG had to estimate the Light-Duty Vehicle fleet size because there is no central inventory data bank. Some agency counts, when compared to the MVD registrations for that agency, varied as much as 21%;
- **No Standardized Asset Valuation Methodology:** OEG had to estimate the combined asset value because there is no enterprise-wide uniform method for determining vehicle Useful Life or Liquidation Value;
- **No Uniform Fleet Management System or Standards:** There are no enterprise-wide fleet asset management policies or procedures, light-duty vehicle equipment specifications, data collection processes, or utilization standards;
- **Decentralized of Procurement, Maintenance Services, and Outsourcing:** There is no enterprises-wide administration accountable for maximizing the value of total asset through leveraged purchases, eliminating service overlaps, and privatization. The ADOA ADOT Interagency Service Agreement is a positive step in rectifying the service overlaps.

SUMMARY RECOMMENDATIONS

The qualitative and quantitative data obtained in conducting this analysis clearly dictate and support the following recommendations.

1. Centralize the Light-Duty Fleet's Administrative Management

OEG recommends that the Light-Duty Vehicle asset management be centralized and placed under the direction of a State Light Duty Vehicle Fleet Administrator, and that this position be located within the Arizona Department of Administration. Fleet management centralization will result in the following:

- standardization of the State owned vehicles' registration data for timely and accurate asset reports;
- enterprise-wide vehicle procurement and utilization standards being implemented to assure that vehicle allocations are justified and that vehicles are utilized in a cost effective manner;
- standardized methodology for determining a vehicle's useful life and the State's Light-Duty Vehicle asset value for analysis and reports;
- facilitation of the appropriate and timely inclusion of the Light Duty Vehicle asset (all or part, and related services) in the State's Competitive Government Program.

2. Consolidate the State's Light-Duty Vehicle Maintenance Providers

OEG recommends the Arizona Department of Transportation be designated the State Light-Duty Vehicle Maintenance Vendor accountable for providing all Light-Duty Vehicle maintenance services for the State. The recommended State Light-Duty Maintenance Vendor designation will:

- implement an enterprise-wide, controlled maintenance program to protect the asset and maximize liquidation revenues;
- increase the utilization and cost effectiveness of the maintenance facilities by immediately reducing service overlaps and duplication of costs;
- provide the State Fleet Administrator with the data necessary to evaluate the State's vehicle maintenance services' potential for inclusion in the State's Competitive Government Program.

CONCLUSION

In keeping with the Joint Legislative Study Committee's central mission, OEG focused its analysis on finding an integrated, cross-agency solution to maximize the Light-Duty Vehicle asset's utilization and value. This focus led OEG to the conclusion that the core problem is the lack of a central authority accountable for obtaining required changes and implementing "best practices". The agency fleets, experienced personnel, and service facilities are in place. Establishing this central authority will facilitate and expedite proactive solutions regarding the utilization of existing resources, privatization, and maximize future opportunities.

OBJECTIVE AND GOALS OF THE STUDY

The overall objective of this study is to evaluate the State's Light-Duty Vehicle fleet operation to identify opportunities to reduce costs and maximize the asset's utilization and value. Specifically, the Joint Legislative Study Committee on State Assets directed the Office for Excellence in Government:

- Identify the logistics of competitive bidding and cost factor considerations with the Arizona Department of Administration and private sector contacts;
- Examine the cost-effectiveness of competitive bids for all or portions of the State's Light-Duty Vehicle fleets, with special emphasis on the Department of Administration's "Taxi" and/or extended dispatch vehicles;
- Review the capacity utilization of the State's vehicle maintenance facilities and look for opportunities to consolidate and reduce duplication;
- Identify opportunities for consolidation and/or the reduction of duplication amongst all the State Motor Pools;
- Review the results of the Interagency Service Agreement (ISA) between the Department of Administration and the Department of Transportation regarding Light-Duty Vehicle maintenance services.

The Office for Excellence in Government defined the following goals to meet the Joint Legislative Study Committee's directives and achieve the overall objective:

1. State's Light-Duty Vehicle Asset:

To quantify the numerical size and combined asset value of the State's Light Duty Fleet to facilitate management decisions regarding utilization, consolidation, and competitive bidding opportunities.

2. Competitive Bidding:

To identify the "best practices", including logistics, cost factor considerations, and appropriate time frames for competitive bidding all or portions of the State's Light-Duty Vehicle Fleets, with special emphasis on the Department of Administration's "Taxi" and/or Extended Dispatch vehicles.

3. Maintenance Facility Utilization:

To review the capacity utilization of the State's Light-Duty Vehicle maintenance facilities and look for opportunities to consolidate and reduce duplication.

4. ADOA - ADOT Interagency Service Agreement:

To review and report the results of the Light-Duty Vehicle Maintenance Interagency Service Agreement (ISA) between the Department of Administration and the Department of Transportation.

METHODOLOGY

The Office for Excellence in Government approached this study by taking an **integrated asset utilization** view of the State's Light-Duty Vehicle fleet. The Light-Duty Vehicle fleet's management, data processing, service delivery systems, and maintenance programs were reviewed and evaluated against "best practices" from the private sector and other states. The study focused on identifying the size and value of the State's Light-Duty Vehicle asset, evaluating its utilization, and quantifying the maintenance programs in place to protect the asset. OEG employed the following methodologies:

- reviewed the shelf data, including four State studies, and national reports for possible benchmarking data;
- compiled and compared agency, motor vehicle registration, and automotive valuation data to determine the Light-Duty Vehicle fleet's size and dollar value;
- interviewed the fleet managers of the State's largest fleets and conducted site inspections and personnel interviews at twenty-four (24) of the State's twenty-six (26) maintenance facilities to identify utilization and operational practices;
- interviewed six private sector fleet management practitioners to identify private sector management specifications, "best practices," and competitive opportunities;
- reviewed the ADOA-ADOT Maintenance Service Interagency Service Agreement.

The reviewed documents, agencies and private sector vendors interviewed, and maintenance sites inspected are listed in *REPORTS, CONTACTS, & INTERVIEWS* in Appendix A.

DISCUSSION: STATE'S LIGHT-DUTY VEHICLE ASSET

GOAL: To quantify the numerical size and combined asset value of the State's Light Duty Fleet to facilitate management decisions regarding utilization, consolidation, and competitive bidding opportunities.

PROBLEM STATEMENT: Prior to identifying the logistics of competitive bidding for all or portions of the Light-Duty Vehicle fleet, the Office for Excellence in Government needed an accurate vehicle count and the combined asset's value. OEG obtained Arizona Department of Transportation - Motor Vehicle Division Reports, an Arizona Department of Administration - Risk Management Report, and vehicle counts from the nine of the ten largest agency fleets, (ADOT, ADOC, GAME & FISH, ADPS, ADES, SCHOOL FOR THE DEAF & BLIND, AHCCCS, PARKS, AND ADOA).

FINDINGS:

A. VEHICLE COUNT

After analysis of the available data, OEG concluded that no centralized accurate data base exists. The numerical variances between the existing data bases precluded using any of them as "the single source". Examples of the numerical data variances follow:

- ADOT-MVD maintains a total vehicle registration record. However, obtaining a light-duty vehicle count is significantly constrained due to the inconsistent entry nomenclature used by reporting state agencies. The MVD's total registered vehicle count was 11,070. After re-running the report based on a light-duty vehicle VIN pattern search, the MVD number was 6,884.
- ADOA 1994 Risk Management's Annual Report showed 8,319 vehicles. This report is compiled annually at year-end from agency surveys but not updated until the following year end. The data is, therefore, significantly dated. In addition, not all agency departments responded to the Risk Management Vehicle Survey. As an example, the report shows 119 vehicles for the Department of Corrections as of December 1994. ADOC's count is 958 as of December 1995. ADOC stated that it did not expand its light-duty fleet 839 vehicles in the past year.
- ADOT Equipment Services Division was able to provide a complete, up-to-date inventory report of all ADOT Light Duty Vehicles, but its count did not agree with the ADOT-MVD report or the ADOA Risk Management report.

In summary, OEG found a 21% variance between the ADOT-Motor Vehicle Division count of 6,884 vehicles, and the ADOA Risk Management Report's count of 8,319 vehicles.

Therefore, to achieve the above stated goal, OEG factored in the individual agency counts to the above two reports and arrived at this "best estimate"; as of December 31, 1995, the State owned approximately 7,461 Light-Duty Vehicles.

In addition, OEG determined that approximately 13% or 993 vehicles are model year 1979 or older; 36% or 2,686 are model years' 1980-1989; and 51% or 3,805 are model years' 1990-1995. (See *LIGHT DUTY VEHICLE COUNT - COMPILATION* in Appendix B.)

B. ASSET VALUE

The agencies use different formulas and methods for determining a vehicle's useful life. When OEG tried to determine the fleets' combined asset value, it found different valuations for the same vehicle from one agency to the next. In addition, as with the numerical data, no central asset value data base existed.

Therefore, OEG selected the automotive retail sector's method for determining the State's Light-Duty Vehicle asset's value. Using the "best estimate" of 7,461 vehicles, the percents per model year group, and the automotive industry's *Blue Book - Wholesale Value*, OEG estimates the combined asset value of the fleet to be \$54,456,557 as of December 31, 1995. (See the *LIGHT-DUTY VEHICLE COMBINED ASSET VALUE - COMPILATION* in Appendix B.)

RECOMMENDATIONS:

Based on the above stated findings, OEG recommends the following: (Note, these recommendations are consistent with those made in previous fleet studies.)

- Create a central Fleet Administrative Office, under the direction of a State Light-Duty Vehicle Asset Administrator, that is accountable for maintaining an accurate accounting of fleet asset's size and the combined asset value;
- Define an enterprise-wide, standardized registration format that includes the vehicle's VIN, manufacture, model year, model type, State vehicle classification (LDV, HDV, Water Craft, or Utility), agency "owner", State asset number, and license plate number;

- Work with ADOT Motor Vehicle Division to revise the current vehicle registrations to conform with the new standardized format.
- Define an enterprise-wide, standardized Vehicle Useful Life calculation methodology for all Light-Duty Vehicles.

Once this central data base and standardized methodologies are in place, the State Light-Duty Vehicle Asset Administrator will have the data necessary to make sound, fiscal management decisions, including possible privatization, to maximize the Light-Duty Vehicle asset's value.

BENEFITS:

- Reduces and/or eliminates the need to use the word, "Estimated" when working with the State's \$54.4 million dollars Light-Duty Vehicle asset.
- Facilitates and expedites management decisions related to maximizing the asset's utilization and value.
- Facilitates and expedites inclusion of the State's Light-Duty Vehicle fleet operations in the State's Competitive Government Program.

DISCUSSION: COMPETITIVE BIDDING

GOAL: To identify the "best practices", including logistics, cost factor considerations and appropriate time frames for competitive bidding all or portions of the State's Light-Duty Vehicle Fleet, with special emphasis on the Department of Administration's "Taxi" and/or extended dispatch vehicles.

PROBLEM STATEMENT: A.R.S. §41-803 provides that the Director of the Department of Administration, "shall operate a motor vehicle fleet for all state owned motor vehicles..."*for the purpose of providing transportation for state officers and employees...excluding* specified agencies. Initially the statute specified five exclusions: ADPS, ADOT, ADES, ADOC, and the State Universities and Community Colleges. As of December 31, 1995, that group has grown to include AHCCCS and the State Compensation Fund (by statute), and Game & Fish and the State Mine Inspector (by ISAs with ADOA).

There is nothing in the statute regarding "best management practices" for the procurement and/or utilization of those vehicles. Each agency "defines" its own fleet specifications, purchases (within the State's Procurement codes), and management methodology. This decentralization constrains, if not eliminates, the potential cost savings and benefits of enterprise-wide asset management and/or implementation of competitive government practices.

FINDINGS:

A. ASSET MANAGEMENT

- Responsibility for State's Light-Duty Vehicles is decentralized across 10 agencies. Eighty percent (80%) the Light-Duty vehicles are "owned" and managed by agencies excluded in A.R.S. §41-803 statutory umbrella;
- The State Procurement Office handles vehicle purchases, but decisions on make, model, and vehicle specifications are left to purchaser;
- Vehicles are purchased without any utilization analysis as to the best, long term asset value for the State;
- There is no centralized system to evaluate and obtain the optimum vehicle value resulting in the State losing its maximum volume purchase price leverage;

- Guidelines vary by agency on vehicle cost per mile data and replacement criteria;
- There are no standard measures for mileage or driving requirements to support ownership of vehicles versus leasing;
- Non-excluded agencies still own 197 vehicles that, in accordance with A.R.S. §41-803, should belong to ADOA; a fact first noted in JLBC's 1990 Light-Duty Vehicle report.

B. TAXI FLEET DISPATCH

- ADOA operates a "Taxi" fleet of approximately 400 vehicles intended for temporary assignments (30 calendar days or less) and for short-notice dispatches. Although the ADOA Fleet Management instructs its staff to meet or exceed customer needs, ADOA states:
 - they do not have enough vehicles to meet customer demand,
 - there is no funding available to purchase additional vehicles and,
 - customers report that the current process for requesting a taxi vehicle is inconvenient for the user.
- The ADOA Fleet Management Office is allowing monopolization of the fleet by some users, resulting in a shortage of vehicles;
- Half of "Taxi" fleet usage is for short local trips (less than 45 miles per day), which is considered to be under-utilization of the vehicles;
- The Fleet Management Office does not consistently monitor assignment practices to ensure that the "Taxi" fleet is used for intended purposes;
- ADOT maintains a separate "Taxi" fleet of approximately 90 vehicles for ADOT use in the general area of the ADOA "Taxi" fleet facility. ADOT often has "Taxi" vehicles available when ADOA has none but there is no cross-agency utilization of vehicles.

RECOMMENDATIONS:

Based on an analysis of the available data and interviews, the Office for Excellence in Government recommends the following: (Note, these recommendations are consistent with those made in the Auditor General's Performance Report, 1994.)

- Employ a State Light-Duty Vehicle Asset Administrator accountable for maximizing the State's Light-Duty Vehicle Asset's value. (See *FLEET ASSET ADMINISTRATOR* in Appendix C.)
- Create a central Fleet Administrative Office under the direction of a State Light-Duty Vehicle Asset Administrator that is accountable for:
 - Standardizing the vehicle purchasing process to include vehicle specifications based on enterprise-wide, best utilization practices.
 - Reviewing the current procurement practices to identify opportunities for competitive bidding for leasing vehicles in addition to purchases.
 - Evaluating a mix of purchased and leased vehicles based on short and long term agency needs to provide best budget control and asset utilization.
 - Establishing standardized cost per mile and replacement criteria.
 - Including the "Taxi" fleets in the State's Competitive Government Program. (Note: Preliminary studies indicate that the "Taxi" fleet would be a good candidate for outsourcing to a rental car agency based on vehicle need and the limited mileage usage.)
 - Evaluating the agencies and employees that are continuous users of the "Taxi" fleet to determine whether the agency is optimally using its own fleet before requesting "Taxi" fleet vehicles.
- Combine the ADOA and the ADOT "Taxi" Vehicle Fleets into one State Taxi Vehicle Fleet. An analysis of both dispatch sites would be required to determine best usage. ADOT presently manages the ADOA equipment maintenance facility at the Capitol Mall location where ADOA dispatches "Taxi" vehicles.

BENEFITS:

- Centralization and management of State's Light-Duty Vehicle asset to facilitate and expedite "best practices" for fleet procurement and utilization;
- Ability to move assets within State agencies based on temporary or permanent needs using a combination of purchased or leased vehicles;
- A State "Taxi" Vehicle Fleet system that meets the intent and directives of A.R.S. §41-803, i.e. providing vehicles for short time periods in a cost effective and customer focused manner;

- A Fleet Administrator in place with the knowledge and expertise to make business decisions for this state asset while taking into account the interests of all stakeholders;
- Consolidation of ADOA and ADOT "Taxi" fleets will facilitate cost effective utilization and possible inclusion in the State's Competitive Government Program.

DISCUSSION: MAINTENANCE FACILITY UTILIZATION

GOAL: To review the capacity utilization of the State's Light-Duty Vehicle maintenance facilities and look for opportunities to consolidate and reduce duplication.

PROBLEM STATEMENT: Currently seven agencies and/or departments operate twenty-six maintenance facilities in the State. Ten of these facilities are located in three cities: Phoenix -6, Tucson - 2, and Flagstaff - 2.

Until recently there was little if any cross utilization of maintenance facilities except in emergency situations. A.R.S. §41-803, which established the ADOA fleet, decentralized vehicle maintenance services to the agencies that owned the vehicles. The fleet users had different needs, e.g., ADOT - heavy duty vehicles, ADOA - light duty vehicles, Game & Fish - 4x4 off road equipment, etc. The service focus was on repairs, not preventive maintenance. Each facility specialized in repairing their "type" of equipment at the expense of preventive maintenance services that are common to all vehicles. Lastly, agency budgets did not lend themselves to interagency expenditures.

FINDINGS:

OEG conducted site inspections at the following facilities: See *MOTOR POOL - SITE INSPECTIONS* in Appendix D.

| | |
|--------------|---|
| ADOA: | 1 facility (leased to ADOT) -- Light-Duty Vehicles |
| ADOT: | 17 facilities -- Light-Duty and Heavy Duty Vehicles |
| ADPS: | 3 facilities -- Light-Duty Vehicles (LDV) |
| ADES: | 1 facility -- (on site equipment repair, Coolidge) -- LDV |
| LAND: | 1 facility -- (fire fighting equipment modifications) |
| PARKS: | 1 facility -- (specialized for quick parts replacement) |
| COLISEUM: | 1 facility -- (on site equipment service) |
| GAME & FISH: | 1 facility -- Light-Duty Vehicles and Water Craft |

- In 1994, ADOA and GAME & FISH signed an agreement whereby part of GAME & FISH's fleet is serviced by ADOA. In 1995 this effort, expanded by an Interagency Service Agreement (ISA) between ADOT and ADOA, transferred all ADOA's maintenance services to ADOT. (The ADOA-ADOT ISA is reviewed in the next section of this DISCUSSION.)

- Four factors have come into play that have a positive effect on maintenance consolidation and coordination efforts:
 1. The State's transportation infrastructure makes most locations accessible to light-duty vehicle equipment.
 2. The automotive industry has expanded the light-duty vehicle's operational and mechanical capabilities making it more suitable for meeting agency transportation needs. With light-duty vehicles now representing 68% of the State's fleet there are fewer variances in mechanical configurations.
 3. The manufacturers have improved vehicle quality, expanded warranty coverage, and initiated preventive maintenance programs. Preventive maintenance standards equate to an industry benchmark and are now the prime directive at all State maintenance facilities.
 4. The industry has reduced the number of "unique to one model" parts. This facilitates greater application of a technician's skills from model to model within a manufacture's product line. It also reduces the parts' inventory a facility has to maintain to expedite repairs.

RECOMMENDATIONS:

Based on an analysis of available data, OEG recommends the following:

- The State designate a single Light-Duty Vehicle Maintenance "vendor" for all preventive maintenance, warranty repair coordination, mechanical repairs, body work, and parts purchasing and inventory control for the State's Light-Duty Vehicle fleet.
- Based on its in-place resources and capabilities (facility locations, equipment, information management systems, and management and personnel expertise) the Arizona Department of Transportation Equipment Department be designated the "Vendor" until fiscal year end 1997.

This recommendation would be implemented via Interagency Service Agreements (ISA's) between ADOT and each of the agencies currently operating LDV fleets. These agreements would include, at minimum:

1. Clearly defined, vehicle-specific repair performance standards for each maintenance area (i.e., preventive maintenance, warranty coordination, mechanical repairs, and body work).
2. Detailed Service Pricing to include (1) fixed PM rates, parts and labor for preventive maintenance services, and (2) industry standard, flat rate

repair times, a fixed hourly rate, and competitive parts' pricing for non-preventive maintenance repairs.

3. Clearly defined customer service performance standards. A "Customer" is defined as (1) the agency that purchases the service, and (2) the driver assigned to the vehicle.
 4. Clearly defined reports (billings, performance results, customer satisfaction scores and management reports) and the submission schedules.
- Although opportunity for facility consolidation seems appropriate, OEG does not recommend that the ADOA and the agencies independently undertake this action. Rather, OEG recommends that a cross agency Study Committee for the Consolidation of the State Maintenance Facilities be formed to develop a plan for enterprise-wide implementation by July 1996;
 - The Light Duty Vehicle Maintenance Vendor program be included in the State's 1998 Competitive Government Program;
 - OEG does not recommend that the Arizona Department of Corrections and/or the State Universities and Community Colleges be included in the consolidation at this time. Additional studies should be conducted once the State Light-Duty Vehicle Asset Administrator and the designated vendor program are in place.

BENEFITS:

- Centralized management of all maintenance services would insure that the state's light duty vehicle asset value is being protected and maximized;
- Centralized management of all maintenance facilities would insure that the state's fixed assets are being maintained and utilized to capacity;
- Standardization of maintenance records would expedite preventive maintenance programs, warranty repairs control, and asset value analysis;
- Maximized maintenance facility resource utilization would include maintenance facility and/or repair specialization;

- Maximized personnel resource utilization including technician productivity measurements;
- Standardized parts inventory control would embody "best practices" technology;
- Standardized system for determining cost of repairs and billing for improved maintenance budget management;
- The program will be competitively bid to assure best practices and prices for services rendered.

DISCUSSION: ADOA - ADOT INTERAGENCY SERVICE AGREEMENT

GOAL: To review and report the results of the Light-Duty Vehicle Maintenance Interagency Service Agreement (ISA) between the Department of Administration and the Department of Transportation.

PROBLEM STATEMENT: In January 1995, ADOA and ADOT entered into an Interagency Service Agreement to transfer all ADOA Light-Duty Vehicle maintenance services, including FTEs, to ADOT's Equipment Services, Highways Division. The transfer started with a pilot at the ADOA Capitol Mall facility and then expanded to enterprise-wide implementation in July 1995. The agreement's primary criteria are that (1) ADOT delivers maintenance services at a not-to-exceed cost of 4.1 cents per ADOA vehicle mile, and (2) the majority of ADOA maintenance customers be "satisfied" as measured by customer satisfaction questionnaires. (The ISA's logistics and service specifications are not germane to this discussion.)

Prior to the January 1995 date, GAME & FISH had an ISA in place with ADOA for selected Light-Duty Vehicle maintenance services. This ISA has been incorporated into the ADOA-ADOT ISA. ADOT is now providing Light-Duty Vehicle maintenance services to selected GAME & FISH vehicles.

FINDINGS:

After reviewing ADOT's YTD 1995, July - December report and the backup data, OEG confirmed the accuracy of the report and made the following findings: (See *ADOA-ADOT ISA ANALYSIS in Appendix E.*)

- For the first two quarters of the ISA, ADOT's cost for providing maintenance services to ADOT is 3.6 cents per ADOA vehicle mile.
- ADOA customers gave ADOT an average score of 3.651 on a 5 point scale in response to the Customer Satisfaction question, "*Overall, please indicate whether you are more or less satisfied with ADOT caring for your vehicle(s) than you were prior to July 1.*"
- Prior to the ISA, ADOA customers outside the Phoenix Metroplex used contracted, private sector maintenance vendors. ADOA has instructed all of its customers to now use ADOT maintenance services but not all have complied. ADOA and ADOT are addressing this situation via the Preventive Maintenance Notification program.

- ADOA processed 5,192 Work Orders (July '94 to December '94) compared to 4,767 processed by ADOT for the same 1995 calendar period. To obtain a service-period-to-service-period comparison, OEG factored in these 425 "No Service" customers to ADOT's report. With the 425 additional customers factored in, ADOT's cost per mile figure rose from 3.6 cents per mile to 3.9 cents per mile, still below the ISA's 4.1 cents per mile cap.
- ADOA's Preventive Maintenance Notification program has not been fully implemented. ADOT addressed this problem during the second quarter and a solution is in place for the remainder of the ISA term.
- Although ADOA and ADOT use the same fleet administration software, the agencies' computer systems are not linked to share information. This situation is being addressed and targeted for correction by the end of the ISA's third quarter.

RECOMMENDATIONS:

Based on the analysis of the ISA report and interviews with the ADOA and ADOT fleet maintenance management, OEG recommends the following:

- OEG review the ADOA-ADOT Interagency Service Agreement's third quarter and year end reports and submit its findings to the Joint Legislative Study Committee on State Assets.
- The ISA be used as a model by the Study Committee for the Consolidation of the State Maintenance Facilities under a single State Maintenance Vendor.

BENEFITS:

- The ISA's success to date makes it a viable working model that will facilitate and expedite the State's maintenance consolidation program.

APPENDICES

APPENDIX A: REPORTS, CONTACTS, & INTERVIEWS

A. REPORTS:

1. Joint Legislative Budget Committee Staff Report, *State of Arizona Light-Duty Vehicles*, issued June 1990
2. Project SLIM Review published in July 1992
3. Office for Excellence in Government, *Review of the State Vehicle Fleet*, completed in Spring 1994
4. The Office of the Auditor General's Performance Audit, *Department of Administration, General Services Division*, released in October 1994
5. Arizona Department of Administration, *1994 Risk Management Fixed Asset Annual Report*
6. Arizona Department of Transportation, Equipment Services Division, *Vehicle Count Report as of December 15, 1995*
7. Arizona Department of Transportation, Motor Vehicle Division, Total Vehicle Registration Report and a subset of this report based upon vehicle vin numbers
8. Arizona Department of Administration, *Arizona Financial Information System [AFIS] Report*
9. National Association of Fleet Administrators, *National Conference of Fleet Administrators, Annual Survey* released August 1994
10. Arizona Revised Statutes § 41-803
11. Micou Design Group, Renovation Plan for the ADOA Capitol Mall Facility
12. Interagency Service Agreement between ADOA and ADOT, effective date July 1995
13. *Kelly Blue Book of Automotive Values -- Software program* for model years 1976-1995
14. Salt River Project, *Competitive Fleet Evaluation* dated October 1994
15. Salt River Project, *Transportation Services Long Range Plan* released September 1992
16. Fleet Administrator Job Descriptions from the follow agencies and companies:

Department of Administration
Department of Transportation
State Procurement Office [ADOA]
Arizona Public Service, Inc.

Enterprise Rent-A-Car, Inc.
Salt River Project, Inc.
National Association of Fleet
Administrators

B. CONTACTS & INTERVIEWS:

ADOT Equipment Maintenance - Payson
ADOT Equipment Maintenance - Holbrook
ADOT Equipment Maintenance - St. John
ADOT Equipment Maintenance - Springerville

ADOT Equipment Maintenance - Globe
ADOT Equipment Maintenance - Show Low &
Hon-Dah
ADOT Equipment Maintenance - Prescott
ADOT Equipment Maintenance - Safford
ADOT Equipment Maintenance - St. David
ADOT Equipment Maintenance - Tucson
ADOT Equipment Maintenance - Yuma
ADOT Equipment Maintenance - Flagstaff
ADOT Equipment Maintenance - Kingman
ADOT Equipment Maintenance - Page &
Fredonia
ADOT Equipment Maintenance - Phoenix
ADES Maintenance - Coolidge
ADPS Maintenance - Phoenix
ADPS Maintenance - Tucson
ADPS Maintenance - Flagstaff
LAND Maintenance - Phoenix
COLISEUM Maintenance - Phoenix

GAME & FISH Maintenance - Phoenix
PARKS Maintenance - Lake Havasu
Salt River Project, Inc. - Human Resources
Arizona Public Service, Inc. - Budget
Department
Enterprise Rent-A-Car
Arizona State Employees Credit Union

National Association of Fleet Administrators
ADOA Risk Management
ADOT-MVD Data Analysis Section
ADOA Human Resources
ADOA Maintenance and Taxi Fleet Office
ADOA State Procurement Officer
ADOA Fleet Management
ADOA General Manager - Special Services
Division
ADOT Equipment Management
ADOT Fleet Management
OSPB Budget Analyst
JBLC Fiscal Analyst
AT&T Automotive Services
Ryder, Inc
CIGNA Corporation - Fleet Administrator

APPENDIX B: LIGHT-DUTY VEHICLE COUNT - COMPILATION

| <u>STATE AGENCY OR DEPARTMENT</u> | <u>ADOT MVD TOTAL</u> | <u>OEG BEST ESTIMATE</u> | <u>ADOA RISK TOTAL</u> | <u>OEG ESTIMATED AGE GROUPS</u> | |
|---|-------------------------------|----------------------------------|--------------------------------|---|-----|
| AGRICULTURE | 28 | 28 | 43 | PRE 79 | 13% |
| AHCCCS | 70 | 116 | 116 | | |
| AHS | 10 | 10 | 0 | 80-89 | 36% |
| ARCHIVES | 4 | 4 | 0 | | |
| ASU | 322 | 322 | 454 | 90-95 | 51% |
| BANKING | 1 | 1 | 1 | | |
| BUILDING SAFETY | 2 | 2 | 1 | | |
| COLISEUM | 6 | 56 | 13 | | |
| COMMERCE | 4 | 4 | 4 | | |
| DEAF & BLIND | 52 | 89 | 89 | | |
| DEQ | 2 | 2 | 1 | | |
| DES | 429 | 423 | 379 | | |
| DHS | 56 | 56 | 77 | | |
| DOA | 1235 | 1235 | 1357 | | |
| DOC | 681 | 958 | 958 | | |
| DOT | 1358 | 1358 | 1560 | | |
| DPS | 1284 | 1284 | 1437 | | |
| AE&MA | 8 | 16 | 47 | | |
| GAME & FISH | 305 | 407 | 407 | | |
| GEO. SURVEY | 5 | 5 | 5 | | |
| LAND | 33 | 33 | 25 | | |
| LIBRARIES | 1 | 5 | 7 | | |
| LOTTERY | 2 | 2 | 0 | | |
| MINES | 6 | 6 | 6 | | |
| NAU | 229 | 229 | 279 | | |
| PARKS | 47 | 100 | 100 | | |
| PIONEER'S | 3 | 3 | 0 | | |
| ACC | 2 | 2 | 2 | | |
| UA | 698 | 698 | 951 | | |
| VETERANS SVCS | 1 | 1 | 0 | | |
| TOTALS | 6884 | 7461 | 8319 | | |
| <hr/> | | | | | |
| Total MVD Registered Vehicles | 11,070 | | | | |

APPENDIX B: LIGHT-DUTY VEHICLE COMBINED ASSET VALUE - COMPILATION

The following calculation process was used:

- Compute the average value of a vehicle for a model year. [Note: Ford and Chevrolets were used for the sedan fleet because, together, they represent over 92% of the registered sedans. The "Truck" data represents an averaging of LDV trucks and 4x4 utility vehicles. The Blue Book data started with the 1976 model year.]
- Compute the percent of that model year's vehicle as a part of the total vehicles for that model year group.
- Compute an average vehicle asset value for that model year.
- Add the individual model year values to determine estimated vehicle asset value for the model year group.
- Multiply the estimated model year group values times the number of estimated vehicles for that model year group.

LIGHT-DUTY VEHICLE COMBINED ASSET VALUE - COMPILATION

| <u>YEAR</u> | <u>FORD</u> | <u>CHEVY</u> | <u>TRUCK</u> | <u>TOTAL \$\$</u> | <u>%/ YEAR</u> | <u>\$\$/GROUP</u> | <u>OEG</u> | <u>ASSET</u> |
|--------------------|-------------|--------------|--------------|-------------------|----------------|-------------------|------------|---------------------|
| | | | | | | | | <u>DOLLARS</u> |
| 1976 | 675 | 700 | 1500 | 769 | 0.05 | \$38.44 | 7461 | |
| 77 | 700 | 800 | 1625 | 838 | 0.15 | \$125.63 | | |
| 78 | 1000 | 950 | 1800 | 1058 | 0.30 | \$317.25 | | |
| 79 | 1050 | 1100 | 1950 | 1163 | 0.50 | \$581.25 | 13% | |
| TOTAL | | | | | | \$1,062.56 | 993 | \$1,055,125 |
| | | | | | | | | |
| 1980 | 1125 | 1325 | 2300 | 1354 | 0.01 | \$13.54 | | |
| 81 | 1200 | 1475 | 2725 | 1504 | 0.02 | \$30.08 | | |
| 82 | 1375 | 1650 | 3200 | 1715 | 0.03 | \$51.45 | | |
| 83 | 1000 | 1895 | 3825 | 1733 | 0.04 | \$69.31 | | |
| 84 | 1125 | 2200 | 4150 | 1961 | 0.05 | \$98.05 | | |
| 85 | 1275 | 2425 | 4675 | 2189 | 0.10 | \$218.90 | | |
| 86 | 2375 | 2525 | 5275 | 2789 | 0.15 | \$418.35 | | |
| 87 | 2775 | 3125 | 6200 | 3340 | 0.20 | \$668.00 | | |
| 88 | 3275 | 3875 | 7075 | 3995 | 0.30 | \$1,198.50 | | |
| 89 | 3875 | 4400 | 8050 | 4607 | 0.35 | \$1,612.45 | 36% | |
| TOTAL | | | | | | \$4,378.63 | 2686 | \$11,761,006 |
| | | | | | | | | |
| 1990 | 4650 | 4650 | 9225 | 5291 | 0.04 | \$211.62 | | |
| 91 | 5625 | 5700 | 10550 | 6396 | 0.06 | \$383.74 | | |
| 92 | 7075 | 6925 | 12000 | 7750 | 0.10 | \$775.00 | | |
| 93 | 9525 | 10000 | 13150 | 10271 | 0.20 | \$2,054.13 | | |
| 94 | 10050 | 12025 | 14200 | 11512 | 0.30 | \$3,453.56 | | |
| 95 | 12100 | 14475 | 15050 | 13552 | 0.30 | \$4,065.56 | 51% | |
| TOTAL | | | | | | \$10,943.61 | 3805 | \$41,640,427 |
| TOTAL ASSET | | | | | | | | \$54,456,557 |

APPENDIX C: FLEET ASSET ADMINISTRATOR

OBJECTIVE:

To identify the position description including required experience and areas of accountability for a State Light-Duty Vehicle Fleet Administrator.

RESEARCH CONDUCTED:

In concert with the summary recommendations of this study, the Office for Excellence in Government obtained the following data to facilitate the preparation of a "best" candidate job description for the State Fleet Administrator's position.

- **Gather Sample Job Descriptions of fleet managers**

Written job descriptions were obtained from various government entities, corporations and professional associations. Included in the data gathering are the following:

- State Fleet Administrator - State of Arizona
- Equipment Services Administrator - State of Arizona
- Fleet Administrator - Owens Illinois Corporation
- Assistant Director for Vehicle Fleet Services - Cigna Corporation
- Manager of Fleet Administration - National Association of Fleet Administrators
- Fleet Administrator - National Association of Fleet Administrators

- **Interview Fleet Managers**

Interviews were held with managers in the area of fleet management and motor pool assets. Included in the interviews were the following:

- State Fleet Administrator - ADOA
- Professional Services Unit Administrator, Procurement - ADOA
- Equipment Administrator - ADOT
- Fleet Management Manager - ADOT
- Vice President and General Manager - Enterprise Rent-A-Car
- Manager of Transportation Services - Salt River Project
- Senior Compensation Analyst - Salt River Project

- **Determine Job Requirements**

Job requirement research in the following areas was conducted:

- Position Function
- Knowledge & Skill Requirements
- Impact of Decisions

Complexity of Position
Work Relationships
Education and Experience Requirements
Compensation

FINDINGS:

The expertise and "best" practices required to manage the State's Light-Duty Vehicle Asset is in place both in the private and public sector enterprises.

RECOMMENDATIONS:

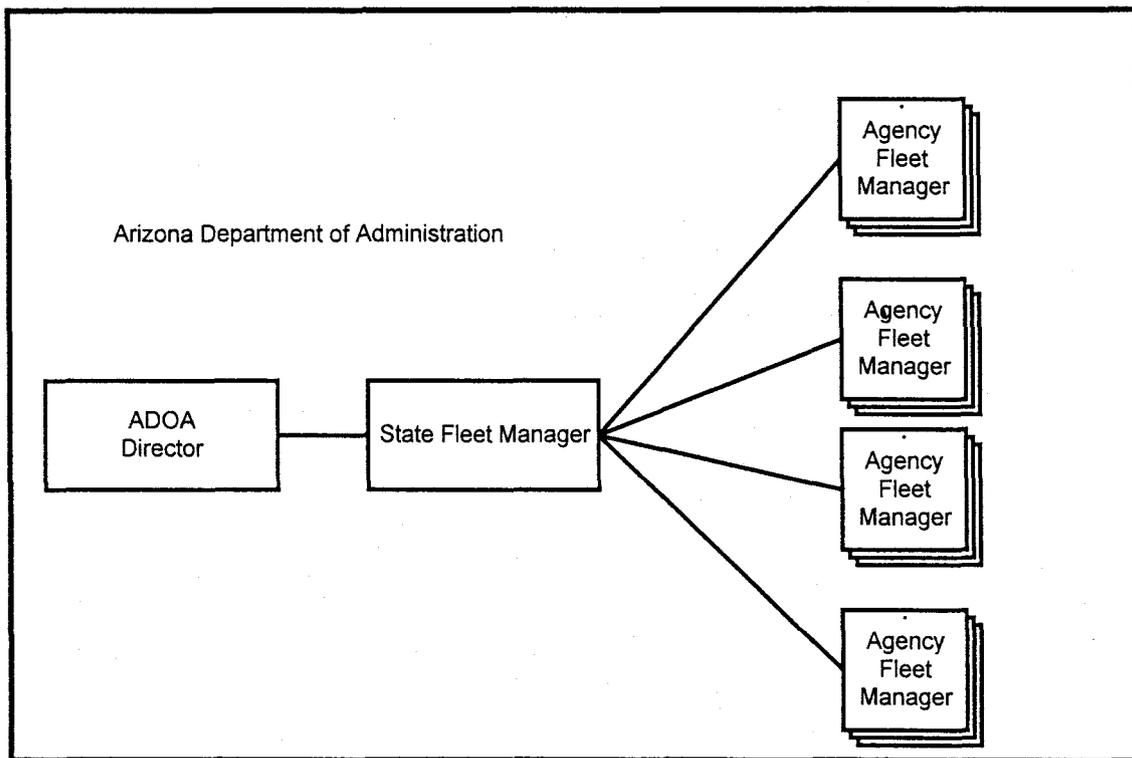
- Establish a Statewide Fleet Asset Administrator position.
- Hire a high level executive with a record of success in business re-engineering in the area of asset management. Sample Job Description follows at the end of this exhibit.

Position Description

Working Title: State Fleet Manager
Agency: Arizona Department of Administration (ADOA)
Immediate Supervisor: Director of Administration

Position Function

- **Position Purpose:** The primary purposes of this position maximize the State' Light Duty Vehicle asset value. The incumbent will be responsible for making major and minor changes to the organization structure, methods and procedures, as necessary, to achieve the primary purpose.
- **Reporting Relationships:** This position will receive work direction from the Director of ADOA. The incumbent will work in concert with the various agency fleet managers for managing the asset allocations and obtaining all necessary resources to achieve the primary purpose. In addition, the incumbent will act as the Fleet Manger for the Department of Administration. The following organization chart illustrates these relationships.



Knowledge & Skill Requirements

| Knowledge or Skill Description | Degree of Requirement |
|---|-----------------------|
| SPECIFIC | |
| Vehicle Maintenance and Repair | General |
| Vehicle Replacement Criteria and Policy | Complete |
| Auto Rentals and Leasing | Complete |
| Automotive Industry | Working |
| EPA Regulations | Working |
| Vehicle Aftermarket Purchases | Complete |
| Control of Licenses and Titles | Working |
| Vehicle Asset management | Complete |
| RELATED | |
| Life Cycle Costing | Complete |
| Capital Asset Management | Complete |
| Outsourcing | General |
| State Government Budgeting | General |
| State Government Procurement | General |
| Rate Negotiation | Working |
| Maintenance Agreements | Complete |
| Computer Information Systems | Working |
| Management Reporting | Complete |
| Asset Management | Complete |
| Business Planning | Complete |
| Strategic Planning | Complete |
| Setting Goals | Complete |
| Organization Effectiveness | Working |
| Re-engineering | Working |
| Statistics | Working |
| Performance Measurement and Standards | Complete |
| Risk Management | Working |
| Managerial Accounting and Billing | Complete |
| Inventory Management | General |
| Warranty Claims | Working |
| Insurance | Working |
| Analytical Skills | Complete |
| Creativity | Complete |
| Initiative | Complete |
| Leadership | Complete |
| Public Speaking | Complete |
| Conflict Resolution | Complete |
| Group Problem Solving | Complete |
| Listening | Working |
| Performance Appraisal | Working |
| Staffing | Complete |
| Change Management | Working |
| Rewards and Recognition | General |
| Persuasion | Working |
| Training | Working |
| Team Building | Working |
| Confrontation | Complete |

Impact of Decisions

- Direct: The majority of decisions made by the incumbent will directly impact those agencies who use the State's Light-Duty Vehicle asset and those who are responsible for maintaining the asset's value.
- Indirect: To the extent that costs are reduced, taxpayers will experience a reduction in the costs of government.

Complexity of Position

- Direct Technical Responsibility: The incumbent will allocate the majority of time to planning and policy formulation in order to achieve the primary purposes.
- Restrictions: Standard restrictions will include the statutes, regulations and policies of state government. The Director of ADOA can override decisions of this position.
- Total Budget: The incumbent will manage assets totaling approximately \$55 million and a fleet size between 6,000 and 8,000 vehicles.

Work Relationships

- Internal: The majority of internal contacts will be with the agency fleet managers. On a regular basis the incumbent will be responsible for routine information exchange, interpretation of complex material and gaining cooperation of others on matters of high importance.
- External: The majority of external contacts may consist of private sector vendors. On a regular basis the incumbent will be responsible for reviewing fleet operations for possible inclusion in the State's Competitive Government Program.

Education And Experience Requirements

- Education: the incumbent will have at least a four year Business degree and a Masters in Business Administration.
- Work Experience: The incumbent will be a seasoned manager with a record of success in organizational turnaround and have at least ten years of high level executive experience.

Compensation

- Base Salary: The range for this position will be \$63,000 to \$93,000. This is based on recent salary survey data conducted by Salt River Project.
- Benefits: An average 20% multiplier used in Arizona state government results in a range of \$12,600 to \$18,600.

Total Compensation: The resulting range is \$75,600 to \$111,600.

APPENDIX D: MOTOR POOL - SITE INSPECTIONS

| LOCATION | SVC HRS. | SVC BAYS | VEH. TYPE | SVC LEVEL | FTE TECHS | FTE PM-SVC | LIFTS | PARTS DEPT. | COMMENTS |
|----------|----------|----------|-----------|-----------|-----------|------------|-------|-------------|----------|
|----------|----------|----------|-----------|-----------|-----------|------------|-------|-------------|----------|

CODES:

L - Light Duty Vehicle
 H - Heavy Duty Vehicle
 W - Water Craft

P - Preventive Maintenance,
 M - Light Mechanical, Repair or Replace
 R - Repair or Rebuild -Heavy Mechanical

E - FTE Parts Expediter
 SVC - Service
 D - Double bays, drive through

DEPARTMENT OF TRANSPORTATION

| | | | | | | | | | |
|---------------|-----|----|-------|-----|----|---|----|--------|---------------------------------------|
| Phoenix | 11 | 20 | L&H | ALL | 15 | 4 | 16 | E, two | Repairs, rebuilds, and fabrication |
| Tucson | 8.5 | 11 | L&H | ALL | 9 | 2 | 5 | E, two | Repairs, rebuilds, and fabrication |
| Flagstaff | 7.5 | 8D | L&H | ALL | 8 | 1 | 4 | E | |
| Payson | 7.5 | 2 | L | P&M | 2 | 0 | 0 | | Building should be replaced |
| Holbrook | 7.5 | 8 | L&H | ALL | 7 | 1 | 2 | E | Large "Traveling Tech" area |
| St. John | 8 | 2 | L&H | P&M | 1 | 0 | 0 | | Close this and use Springerville |
| Springerville | 8 | 2 | L&H | P&M | 1 | 0 | 1 | | Could handle all St. John work |
| Show Low | 7.5 | 4 | L&H | P&M | 4 | 0 | 1 | E | Paperwork for 3 sites |
| Globe | 7.5 | 8 | L&H | ALL | 4 | 1 | 1 | E | Team atmosphere very obvious |
| Yuma | 7.5 | 4 | L&H | P&M | 3 | 0 | 3 | E | "Real Time" repair mentality |
| Kingman | 7.5 | 5D | L&H | ALL | 6 | 1 | 2 | E | |
| Prescott | 7.5 | 4D | L&H | ALL | 5 | 1 | 2 | E | Building should be replaced |
| Hon-dah | 7.5 | 2 | L&H | P&M | 1 | 0 | 0 | | Just opened this winter - snow equip. |
| St. David | 7.5 | 3 | L&H | ALL | | | | | Being built - SVC SE corner of state |
| Page | 7.5 | 4 | L,H&W | ALL | 3 | 0 | 1 | E | Manages Fredonia site |
| Fredonia | 7.5 | 2 | L&H | P&M | 2 | 0 | 0 | | |
| Safford | 7.5 | 3 | L&H | P&M | 4 | 1 | 2 | E | Backlog of work |

MOTOR POOL - SITE INSPECTIONS:

| LOCATION | SVC HRS. | SVC BAYS | VEH. TYPE | SVC LEVEL | FTE TECHS | FTE PM-SVC | LIFTS | PARTS DEPT. | COMMENTS |
|----------|----------|----------|-----------|-----------|-----------|------------|-------|-------------|----------|
|----------|----------|----------|-----------|-----------|-----------|------------|-------|-------------|----------|

DEPARTMENT OF ADMINISTRATION (Currently leased to ADOT)

| | | | | | | | | | |
|---------|---|---|---|---|---|---|---|---|-----------------------------|
| Phoenix | 8 | 6 | L | P | 3 | 2 | 3 | E | Building should be replaced |
|---------|---|---|---|---|---|---|---|---|-----------------------------|

DEPARTMENT OF PUBLIC SAFETY

| | | | | | | | | | |
|-----------|---|---|---|-----|---|---|---|--------|---|
| Phoenix | 8 | 5 | L | P&M | 4 | 1 | 4 | E, two | Parts - Bar codes & Motorcycles R&R |
| Tucson | 8 | 7 | L | P&M | 1 | 1 | 7 | E | Can handle more business |
| Flagstaff | 8 | 3 | L | P&M | 3 | 0 | 1 | E | Parts - Bar codes, uses inmate/clerical |

DEPARTMENT OF ECONOMIC SECURITY

| | | | | | | | | | |
|----------|---|---|---|-----|---|---|---|--|--|
| Coolidge | 8 | 2 | L | P&M | 2 | 0 | 1 | | Building should be rebuilt/consolidation |
|----------|---|---|---|-----|---|---|---|--|--|

LAND DEPARTMENT -- Fire Equipment Retrofit

| | | | | | | | | | |
|---------|---|--|--|--|--|--|--|--|--|
| Phoenix | 8 | Two bays with two techs. Specializes in retrofitting fire fighting equipment | | | | | | | |
|---------|---|--|--|--|--|--|--|--|--|

PARKS -- Maintenance Pad

| | | | | | | | | | |
|-------------|-----|--|--|--|--|--|--|--|--|
| Lake Havasu | 7.5 | Two mobile homes with carports. Light maintenance only. No FTE's technicians. Primarily a storage lot. | | | | | | | |
|-------------|-----|--|--|--|--|--|--|--|--|

MOTOR POOL - SITE INSPECTIONS:

| LOCATION | SVC HRS. | SVC BAYS | VEH. TYPE | SVC LEVEL | FTE TECHS | FTE PM-SVC | LIFTS | PARTS DEPT. | COMMENTS |
|----------|----------|----------|-----------|-----------|-----------|------------|-------|-------------|----------|
|----------|----------|----------|-----------|-----------|-----------|------------|-------|-------------|----------|

COLISEUM

| | | | | | | | | | |
|---------|-----|---|-----|-----|---|---|--|--|--|
| Phoenix | 7.5 | 2 | L&H | ALL | 1 | 1 | | | Services equipment at Coliseum complex only. |
|---------|-----|---|-----|-----|---|---|--|--|--|

GAME & FISH

| | | | | | | | | | |
|---------|---|---|-----|-----|---|---|---|---|------------------------------|
| Phoenix | 8 | 5 | L&W | P&M | 3 | 1 | 1 | E | Building should be replaced. |
|---------|---|---|-----|-----|---|---|---|---|------------------------------|

MAINTENANCE SITES NOT INCLUDED IN THE SURVEY -- DEPARTMENT OF CORRECTIONS

| LOCATION | SVC BAYS | VEH. TYPE |
|--------------|----------|-----------|
| Florence | 10 | L&H |
| Fort Grant | 6 | L&H |
| Tuscon (2) | 5 | L&H |
| Safford | 4 | L&H |
| Winslow | 4 | L&H |
| Douglas | 3 | L&H |
| Yuma | 3 | L&H |
| Catalina Mt. | 2 | L |
| Perryville | 1 | L&H |
| Phoenix | Slab | L&H |

APPENDIX E: ADOA-ADOT ISA ANALYSIS

The following analysis includes the maintenance services data provided by ADOT for July to December 1995. Note: ADOA stated the Oct-Dec shortfall in ADOT's results is historic due to holiday vacations.

| ADOT ISA QUARTERLY REPORTS | ADOT REPORTS JUL. - DEC. 1995 | | |
|---|-------------------------------|--------------|--------------|
| CATEGORY | FIRST QTR | SECOND QTR | YTD TOTALS |
| OPERATING REVENUES | | | |
| REVENUE: 4.1 CENTS PER MILE (1ST QTR =6,365,351 MILES) (2ND QTR =5,535,911 MILES) | \$260,979.39 | \$226,972.35 | \$487,951.74 |
| OPERATING EXPENSES | | | |
| VEHICLE REPAIRS | | | |
| LABOR COST | \$81,556.75 | \$115,486.25 | \$197,043.00 |
| PARTS COST | \$85,455.35 | \$91,742.69 | \$177,198.04 |
| COMMERCIAL SERVICES | \$22,337.66 | \$14,156.32 | \$36,493.98 |
| FIXED | | | |
| SHOP LEASE | \$5,525.00 | \$5,525.00 | \$11,050.00 |
| TELEPHONE LINES | \$187.50 | \$187.50 | \$375.00 |
| VARIABLE (PRORATED PER QTR) | | | |
| SHOP TOOLS | \$124.21 | \$124.21 | \$248.42 |
| SAFETY SHOES | \$35.40 | \$35.40 | \$70.80 |
| SAFETY GLASSES | \$5.95 | \$5.95 | \$11.90 |
| MISC. REPAIRS & PM W.O.S | \$262.66 | \$465.30 | \$727.96 |
| FUEL PURCHASES | \$19.63 | | 19.63 |
| GROSS REVENUES | \$260,979.39 | \$226,972.35 | \$487,951.74 |
| GROSS OPERATING EXPENSES | \$195,322.61 | \$227,541.12 | \$422,863.73 |
| NET OPERATING PROFIT/(LOSS) | \$65,656.78 | (\$568.77) | \$65,088.01 |
| ADOA COST: CENTS PER MILE | \$0.031 | \$0.041 | \$0.036 |
| TRANSITION EXPENDITURES | | | |
| OSHA AIR QUALITY EQUIPMENT | \$2,469.25 | \$2,469.25 | \$4,938.50 |
| ADJUSTED NET OPERATING P/(L) | \$63,000.03 | (\$3,225.52) | \$59,774.51 |
| ADJUSTED NET CENTS PER MILE | \$0.031 | \$0.042 | \$0.036 |
| WORK ORDERS | 2024 | 2743 | 4767 |
| LABOR HOURS | 2965.7 | 4199.5 | 7165.2 |