



HIGHWAY EQUIPMENT WORKING CAPITAL FUND PRESENTATION

DIANA ROTKIS, FLEET MANAGER

February 25, 2016



WHAT WE DO

We are a Government Shared Service

- Centralized full service fleet management for 13 Executive Branch Agencies
 - Contracting and procurement
 - DMV services (licenses and titles)
 - Sales of all excess fleet equipment, parts and scrap metals
 - Financial management of the Highway Equipment Working Capital Fund
 - Parts management, purchasing
 - Fuel management
 - System management
 - Maintenance
 - Rental pools
 - Training
 - Labor resource pool

WHO WE ARE - TECHNICIANS

- 128 Advanced journey level technicians who service 59 maintenance stations and 249 rural airports throughout the state (2 additional positions are sub-journey helpers)
- Knowledge base: light duty vehicles to the most complex snow removal and fire apparatus
- Not just wrenches – the use computers to diagnose and repair is part of the daily duties
- Job sites are not always warm and comfortable
- 14 are certified to perform Aircraft Rescue and Fire Fighting (ARFF) duties
- In FY15, technicians and parts personnel performed
 - 1740 hours in support of DNR fire fighting efforts across the state
 - 7747.5 hours doing non-direct SEF work such as snow removal, summer project support, small engine/generator servicing, etc. for Maintenance & Operations, Natural Resources, and other agencies



WHO WE ARE - PARTSMEN

- 13 Stock & Parts staff, keep 59 shop/maintenance stations and 128 mechanics operational with parts, commodities and tooling
- \$6.5M (FY15) from National WSCA/NASPO and NJPA contracts and small local and rural vendors
 - Over 265K individual parts and supplies for repair and maintenance
 - Oil and lubricants
 - Shop supplies
 - Tools and diagnostic software
- Research using paper parts manuals, websites, manuals on CD
- Find parts for specialty equipment and older models all over the world
- Arrange for delivery of parts and supplies to furthest corners of the state
- Know how to find resources in emergencies
- Support agencies including Department of Natural Resources during fire season



WHO WE ARE – HERO SUPPORT

ADMINISTRATION: Seven administrative staff, located in Anchorage and Fairbanks providing travel, work order, training, budgetary, and personnel support to the 158 staff statewide.

DISTRICT MANAGERS: Five District Managers located in Anchorage, Fairbanks and Juneau who supervise the staffed SEF maintenance stations, overseeing the operation, safety, training, and efficiency the regional operations.

PARTS/PROCUREMENT/ADMINISTRATION MANAGER: Oversees the parts depots, parts, administrative and contracting sections.

CONTRACTING SECTION: Three contracting officers responsible the contracts, purchases, warranty, recall management, sales and fuel credit cards.

SYSTEMS: One systems analyst and a contract programmer responsible for the functionality and operation of the Equipment Management System.

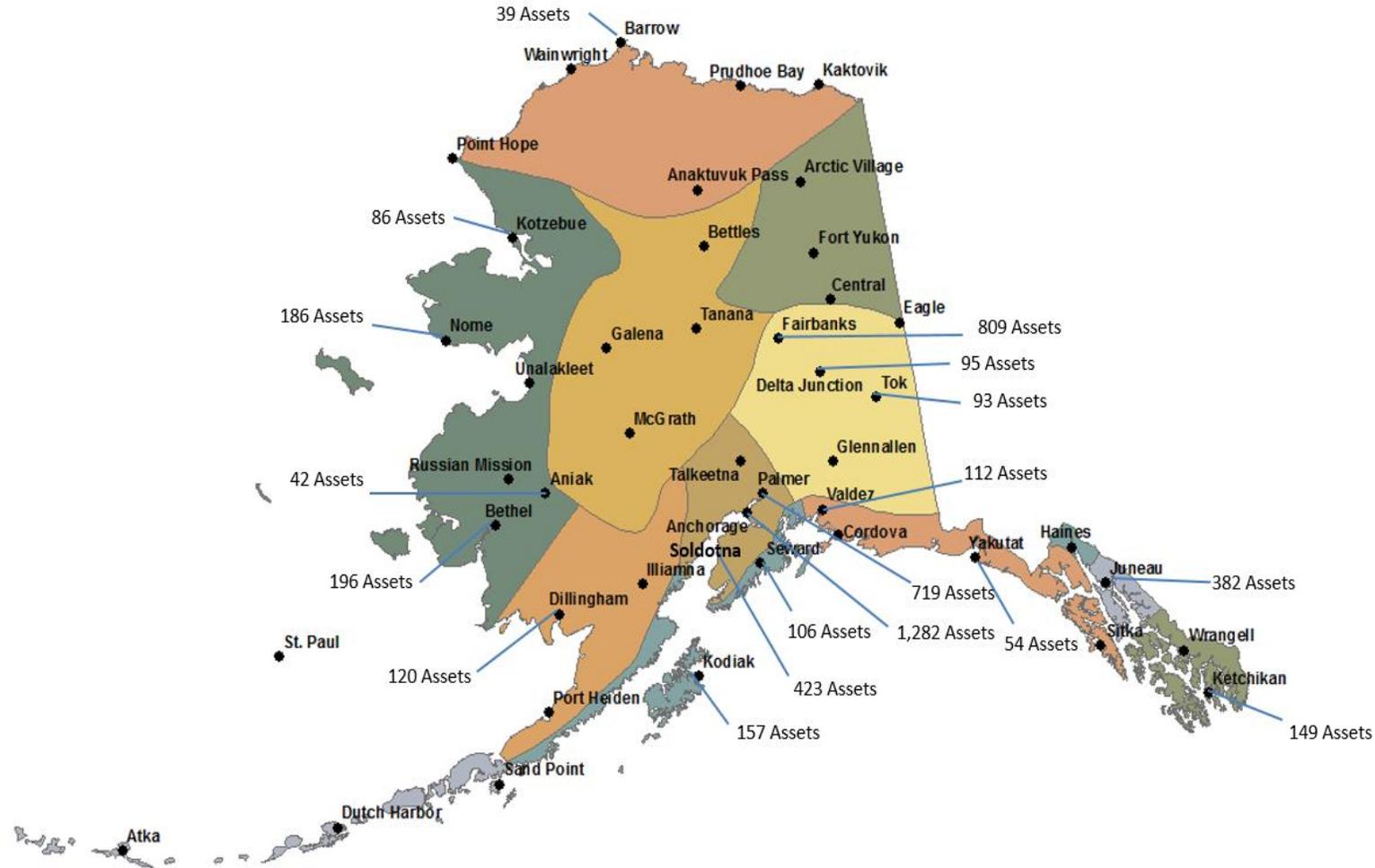
TRAINING: One trainer responsible for operator and technician training for the DOT&PF.



WHO WE SUPPORT



- Governor's Ofc
- Administration
- Law
- Revenue
- Education
- Health & SS
- Labor
- Economic Dev
- Military & Vet Affairs
- Natural Resources
- Fish & Game
- Public Safety
- Conservation
- Corrections



WHO WE SUPPORT





THE HEWCF

- Operating Rate
 - All services, except accidents/negligence/abuse.
- Replacement Rate
 - Replacement of the asset at the end of the useful life. Inflation keeps current with contractual prices.
- Assets not covered by an operating rate - pay as they go for services.
- Assets not covered by a replacement rate - must come up with funding for future replacement.

HOW IT WORKS



The HEWCF Bank

REVENUE

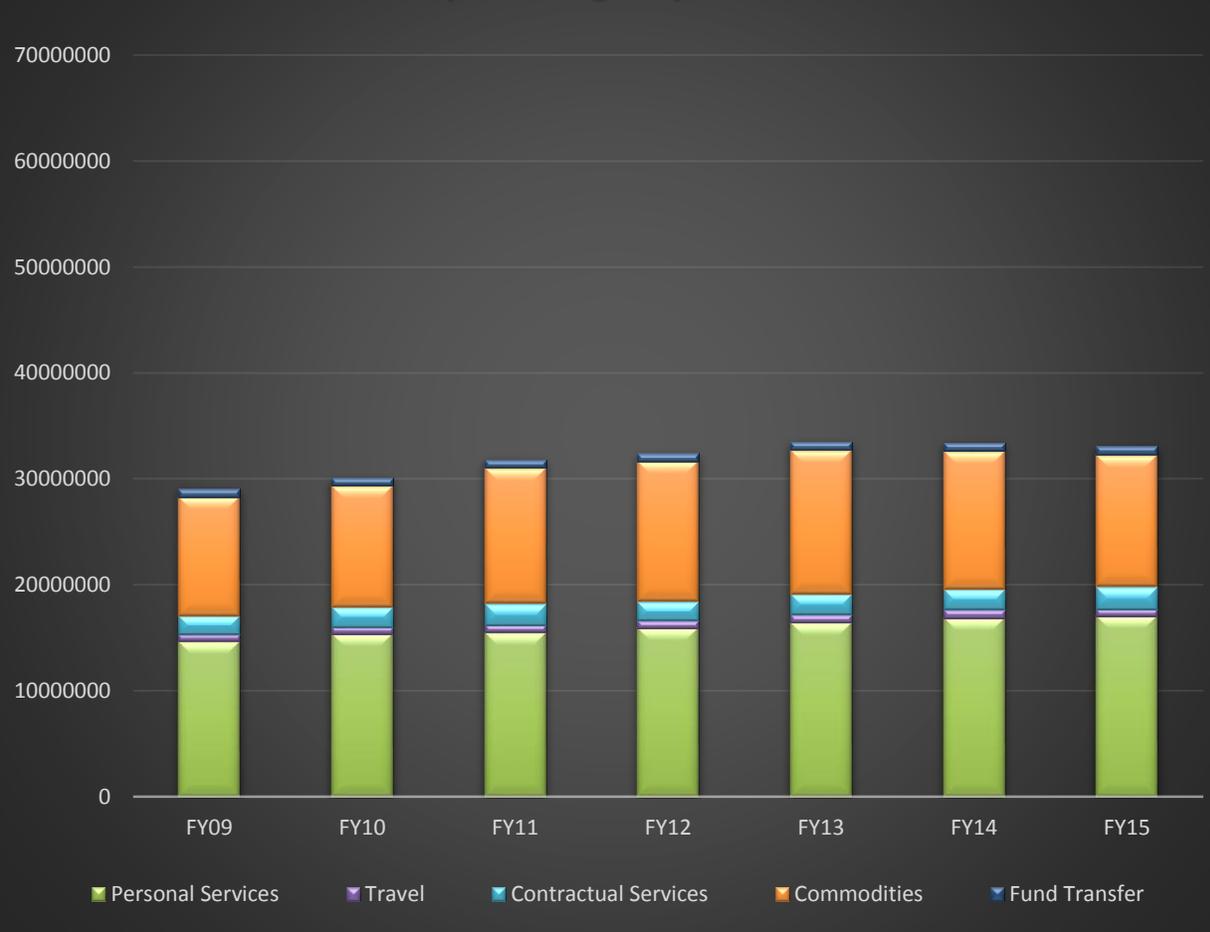
- Operating Rate Payments
- Replacement Rate Payments
- Billable Work Orders
- Reimbursement for Fuel
- Reimbursable Work for Other Agencies
- Vendor/Insurance Reimbursements

EXPENSES

- Personal Services
- Travel (rural support)
- Commodities (oils, shop supplies, parts)
- Vendor Payments
- Fuel (Credit Card)
- Capital Needs (tools over \$5K such as lifts)
- Tools
- Vehicles & Equipment (Capital Side)

OPERATING EXPENSES/RATE BASE

Operating Expenses



- Actual operating expenses = basis for the rates.
- FY15 expenses = rate base for FY17 calculations.
- Coding system designed to allocate fleet costs to the fleet users who incur those costs.
- Each vehicle's rates are based on its
 - Repair history, based on work orders.
 - Replacement = original cost + setup, less salvage value / amortization period.
- In FY15 the total operational cost of the fleet was \$27,919,424 (not including fuel).
- The operating income was \$25,825,093.

SEF LABOR RATE vs PRIVATE SECTOR

SEF FY16 SHOP LABOR RATE \$118.91/hr.

- Light Duty and Heavy Duty
- Fully burdened includes labor and overhead costs associated with fleet maintenance
- Same rate statewide
- Includes all 59 shops w/ geo-differential
- 7 day a week operations in Anchorage, Palmer and Fairbanks Heavy Duty
- 24/7 on call fleet maintenance for emergencies

PRIVATE SECTOR

	<u>ANCHORAGE</u>	<u>FAIRBANKS</u>
<u>Light Duty</u>		
Dealerships	\$130.00 - \$140.00/hr.	\$135.00 - \$160.00/hr.
Independent Repair Shops	\$90.00 - \$110.00/hr.	\$90.00 - \$120.00/hr.
<u>Heavy Duty (Heavy Trucks and Heavy Equipment)</u>		
Dealerships:	\$122.00 - \$150.00/hr.	\$135.00 - \$150.00/hr.

REPLACEMENT PROGRAM

- Vehicles and equipment should be replaced when they are:
 - At the end of their economical life
 - No longer safe to operate
 - Not reliable to perform their intended function (excessive downtime)
 - Replacement would be a cost savings to the state.
- Primary replacement criteria:
 - Age in years (amortization period)
 - Usage in miles/hours
 - Cost of maintenance compared to original cost
 - Overall mechanical, operating and safety condition.



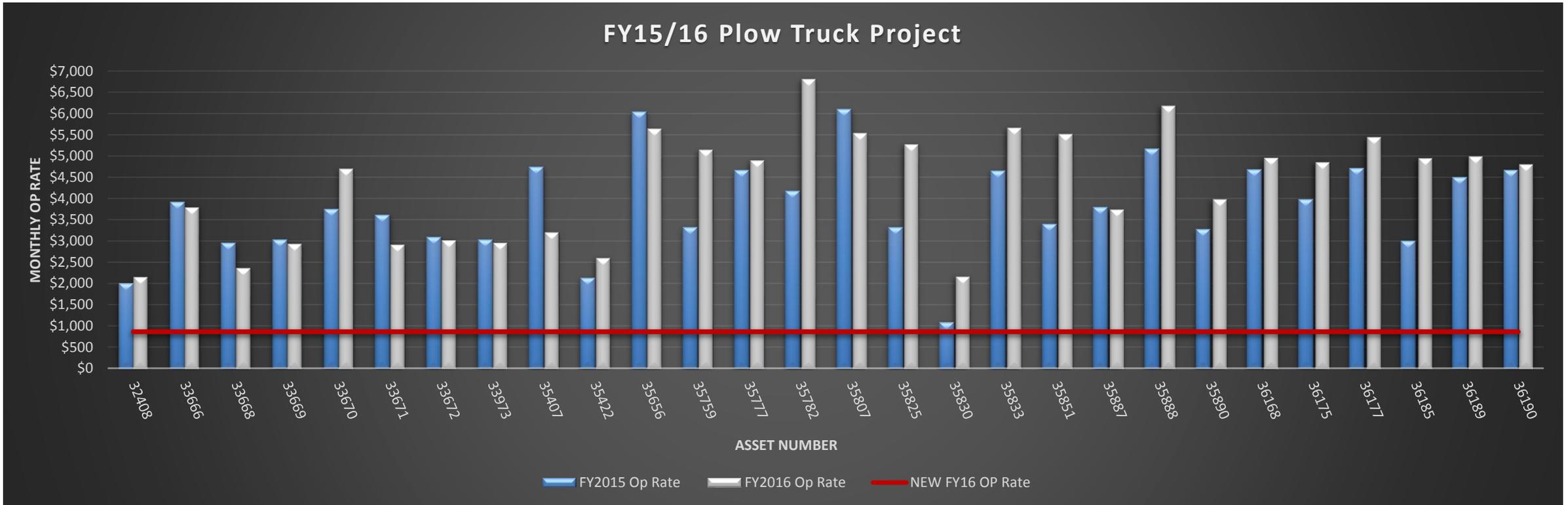
Light Duty - 10 Years; 150,000 miles

Light Duty Severe Service - 7 Years; 125,000 miles

Light Duty Police - 5-7 Years; 100,000 miles

Heavy Duty - 12-15 Years; 12,000 hours

REPLACEMENT FOR COST SAVINGS



- Replaced 28 Snow Plow Trucks
- Total savings in Operating Cost \$1.17M (will be recognized in FY17)
- Model Years 1997- 2006

ADJUSTING LIFE (Amortization)

- Agencies were provided with information on use, maintenance and FY17 replacement costs.
- Agencies were tasked with reviewing their fleet and providing changes to the amortization life to mirror the new replacement and usage standards.
- Changes to 839 assets will take place to reduce GF replacement payments by \$2.3M in FY17.

Life Extension Example

Asset	Class Desc	Bill Status	Z Date	Location	Year	Fy17 Rep \$	Ext Life Recommended	New FY17 Rate	LTD METER	AVG ANNUAL USAGE FROM INVENTORY	LTD MAINT	% Maint to Orig Cost	ORIG COST
37161	PU CCAB 4X4 1/2T	W07	8/26/2016	KETCHIKAN	2009	110.00	3	\$ 35.79	9,629	3,402	\$ 2,943	11%	\$ 26,144



REPLACEMENT PROGRAM

Standardization of Light Duty

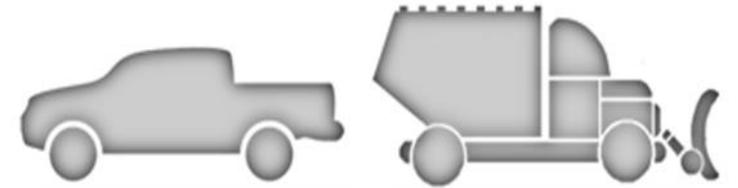
Purchases will be based on the following criteria:

- Sedan/Sport Utility Vehicle: All-wheel drive or four-wheel drive sedan or small sport utility vehicle, seating for 5, 4-cylinder
- Truck: 4X2 or 4X4, 6.5 foot bed. Regular cab, 6-cylinder
- Light duty orders will be white unless a special need exists and is identified by the department
- New vehicles will be marked with an agency identifier and/or the standard state marking
- All auxiliary lights for vehicles that travel outside of urban areas
- Vehicles in northern Alaska include a weatherization package
- Other auxiliary equipment, such as bed-lines, tool boxes and canopies must be approved by the user

SALES OF EXCESS FLEET EQUIPMENT

Before sale, vehicles and equipment are evaluated for

- Reassignment
- Retention for seasonal Natural Resources, Fish & Game or Construction use
- Parts use on remaining equipment
- Assignment to a pool

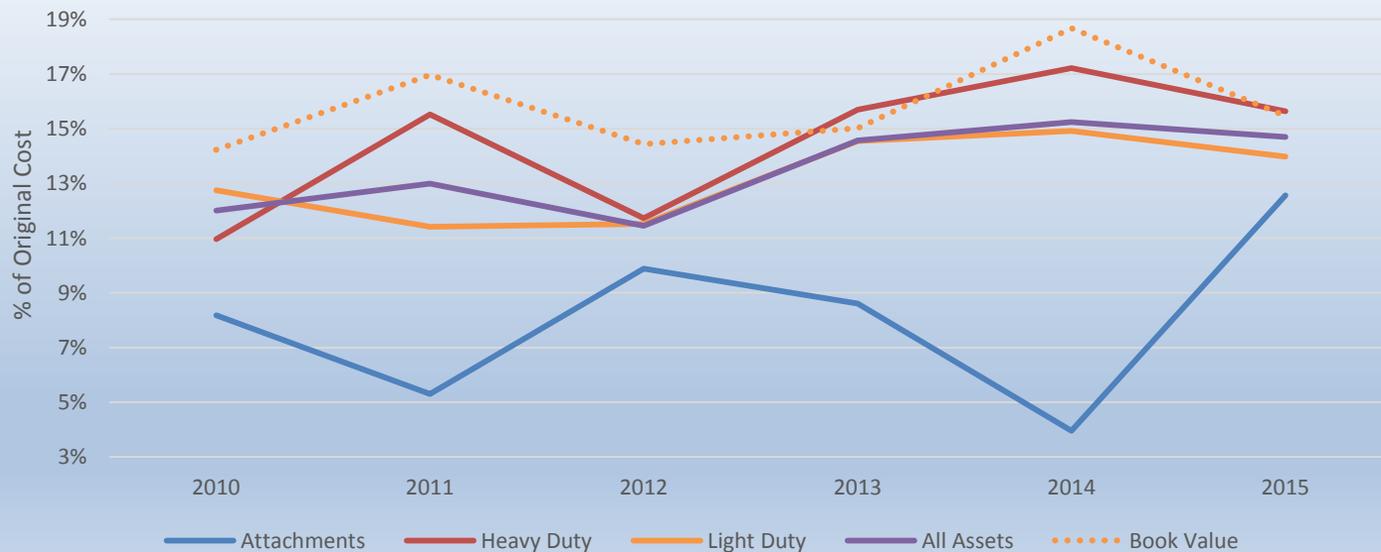


LIGHT DUTY

HEAVY DUTY

SOLD	157	66
< 10 years old	74	3 Sustained damage beyond economical means to repair
10-20 years old	80	26
20-30 years old	0	31
Model years old	3 > 20 model years	6 > 30 model years
What else?	67 Had maintenance costs exceeding their original asset value.	39 Number of vehicles with maintenance costs exceeding their original cost.
	>92 K Number of average miles at time of sale on vehicles operated on road systems.	30-40% A new 8-yard snow removal truck can be 30-40% less in total operating cost than a 10 year old truck.

Sale/Disposal Revenue by FY



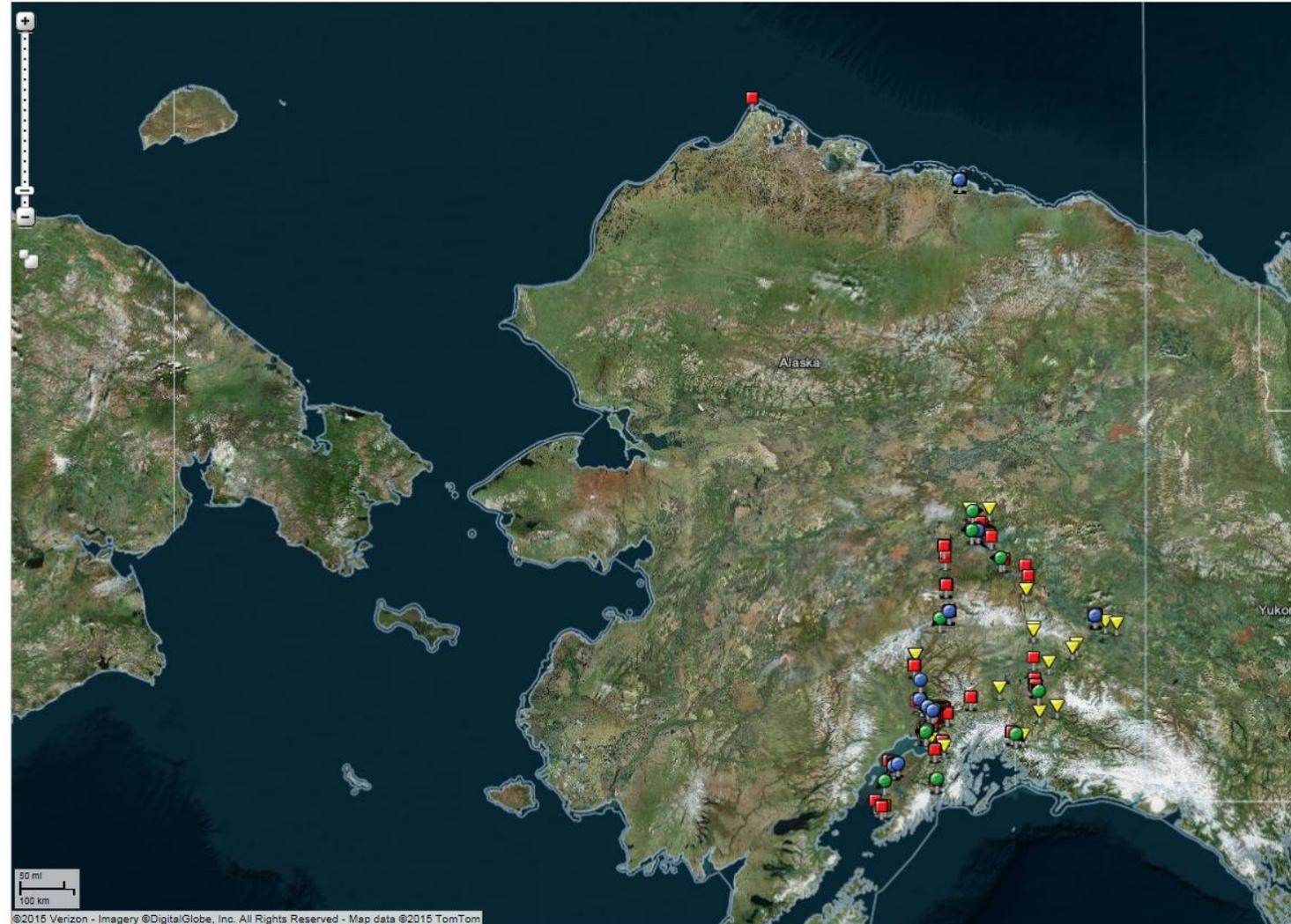
TELEMATICS

- Fleet Utilization Analysis
 - Engine and Odometer Readings
 - Fuel Consumption
 - Usage
 - Start/Stop Times
 - Geofencing
- Idle
 - % Idle vs Use
 - Landmark Idle
 - Time of Day Idle
 - Seasonality
 - Fuel Consumption
- Safety
 - Speed
 - Hard Stops/Starts
 - Location
- Diagnostics
 - Alerts
 - Sensors (plow up/down, lights)
- Roadside Assistance
- Risk Management
 - Vehicle Claims Management

Refine:

Select a Vehicle

- 30549 UNIVERSAL
- 30986 CA UNIVERSAL
- 31049 CA UNIVERSAL
- 31858 CA
- 32043 UNIVERSAL
- 32243 CA
- 32275 CA
- 32530 CA SEF
- 32580 FZ
- 32588 UNIVERSAL
- 33488 CA
- 33673 FB
- 33692 FB
- 33702 CA
- 33775 CA
- 33783 CA
- 34084 CG
- 34398 BA
- 34512 TA SEF
- 34608 AA SEF
- 34680 AA SEF
- 34698 CA
- 34699 CA 9 PIN
- 34770 TA SEF
- 34891 AA SEF
- 34906 TA SEF
- 34913 TA SEF
- 35128 NEW UNIVERSAL
- 35206 FA
- 35228 TA SEF
- 35286 FZ UNIVERSAL
- 35306 BA SEF
- 35372 CA SEF
- 35411 FI SEF
- 35555 AA SEF
- 35598 CA
- 35600 FA
- 35601 FA
- 35602 FA
- 35603 FA
- 35604 FA
- 35614 CA
- 35696 FO
- 35740 FZ UNIVERSAL
- 35751 CA
- 35752
- 35753 CA
- 35754 CA
- 35782 FZ
- 35798 TE



TRIP REPORT



Map Vehicle Fleet Reports Admin Support

Networkfleet

Snapshot **Track Vehicles** Performance Alerts Diagnostics Service Roadside Profile

Manage Vehicle Track

Start Date: 1/5/16 12 AM 00 End Date: 1/5/16 11 PM 00 Set Window Submit



35815 FB

View: Vehicle (GPS) All Trips Landmark Privacy: All Landmarks Animate Display Summary Show addresses and landmarks for positions through Submit

Show Route Lines Expand Trips Collapse Trips

2 rows found. Displaying row 1 to 2, page 1/1. Number of rows displayed per page: 50

Trip	Position	Driver	Max (mph)	Average (mph)	Current (mph)	Odometer (mi)	Ignition	Stop Duration (mins)	Latitude/Longitude	Message Time	Sensor	Heading	Address	Landmarks
2	18 - 80	(M&O-FAIRBANKS) DAVIS, RON	50	32	0	148,800.4	●		65.181937 -147.288908	1/14/16 1:54:30 PM				
1	1 - 17	(M&O-FAIRBANKS) DAVIS, RON	48	16	0	148,759.0	●	91.83	65.38192 -148.087822	1/14/16 11:08:21 AM			18116 Steese Hwy Fairbanks, AK 99712 US	

2 rows found. Displaying row 1 to 2, page 1/1. Number of rows displayed per page: 50

GPS Track Legend

On	Off	Label	Driver	Address	Sensor	Heading	Speed	Signal	Ignition	State
8:07:53										
	1/4/16 2:06 PM	(M&O-FAIRBANKS) DAVIS, RON		18117 Steese Hwy, Fairbanks, AK 99712 US	ON				0	Off
17:50:38	1/5/16 7:58 AM	(M&O-FAIRBANKS) DAVIS, RON		18117 Steese Hwy, Fairbanks, AK 99712 US	OFF				0	Off
	1/5/16 8:11 AM	(M&O-FAIRBANKS) DAVIS, RON		18129 Steese Hwy, Fairbanks, AK 99712 US	2 Transitions* Ending in OFF				0	On
	1/5/16 8:58 AM	(M&O-FAIRBANKS) DAVIS, RON		18100 Steese Hwy, Fairbanks, AK 99712 US	ON				29	On
00:18:48	1/5/16 8:18 AM	(M&O-FAIRBANKS) DAVIS, RON		18888 Steese Hwy, Fairbanks, AK 99712 US	OFF				12	On
00:00:02	1/5/16 10:28 AM	(M&O-FAIRBANKS) DAVIS, RON		7781 Steese Hwy, Fairbanks, AK 99712 US	2 Transitions* Ending in OFF				18	On
	1/5/16 10:56 AM	(M&O-FAIRBANKS) DAVIS, RON		7417 Steese Hwy, Fairbanks, AK 99712 US	ON				7	On
00:00:29	1/5/16 10:58 AM	(M&O-FAIRBANKS) DAVIS, RON		7418 Steese Hwy, Fairbanks, AK 99712 US	8 Transitions* Ending in OFF				7	On
	1/5/16 11:02 AM	(M&O-FAIRBANKS) DAVIS, RON		7417 Steese Hwy, Fairbanks, AK 99712 US	ON				1	On
00:00:43	1/5/16 11:04 AM	(M&O-FAIRBANKS) DAVIS, RON		7421 Steese Hwy, Fairbanks, AK 99712 US	7 Transitions* Ending in OFF				0	On
	1/5/16 11:10 AM	(M&O-FAIRBANKS) DAVIS, RON		7405 Steese Hwy, Fairbanks, AK 99712 US	ON				17	On
00:02:06	1/5/16 11:13 AM	(M&O-FAIRBANKS) DAVIS, RON		7115 Steese Hwy, Fairbanks, AK 99712 US	OFF				4	On
	1/5/16 11:25 AM	(M&O-FAIRBANKS) DAVIS, RON		7113 Steese Hwy, Fairbanks, AK 99712 US	ON				8	On
00:00:30	1/5/16 11:27 AM	(M&O-FAIRBANKS) DAVIS, RON		7113 Steese Hwy, Fairbanks, AK 99712 US	8 Transitions* Ending in OFF				7	On
	1/5/16 11:30 AM	(M&O-FAIRBANKS) DAVIS, RON		7073 Steese Hwy, Fairbanks, AK 99712 US	ON				25	On
00:12:49	1/5/16 11:43 AM	(M&O-FAIRBANKS) DAVIS, RON		8220 Steese Hwy, Fairbanks, AK 99712 US	OFF				2	On
00:00:04	1/5/16 11:45 AM	(M&O-FAIRBANKS) DAVIS, RON		8406 Steese Hwy, Fairbanks, AK 99712 US	2 Transitions* Ending in OFF				41	On
	1/5/16 12:42 PM	(M&O-FAIRBANKS) DAVIS, RON		7407 Steese Hwy, Fairbanks, AK 99712 US	ON				28	On
00:02:27	1/5/16 12:44 PM	(M&O-FAIRBANKS) DAVIS, RON		7093 Steese Hwy, Fairbanks, AK 99712 US	2 Transitions* Ending in ON				28	On
00:23:32	1/5/16 1:08 PM	(M&O-FAIRBANKS) DAVIS, RON		4302 Steese Hwy, Fairbanks, AK 99712 US	OFF				1	On
	1/5/16 2:02 PM	(M&O-FAIRBANKS) DAVIS, RON		7818 Steese Hwy, Fairbanks, AK 99712 US	ON				15	On
00:00:18	1/5/16 2:04 PM	(M&O-FAIRBANKS) DAVIS, RON		7818 Steese Hwy, Fairbanks, AK 99712 US	OFF				21	On
00:00:04	1/5/16 2:24 PM	(M&O-FAIRBANKS) DAVIS, RON		8153 Steese Hwy, Fairbanks, AK 99712 US	2 Transitions* Ending in OFF				21	On
	1/5/16 2:26 PM	(M&O-FAIRBANKS) DAVIS, RON		8507 Steese Hwy, Fairbanks, AK 99712 US	ON				30	On
00:03:20	1/5/16 2:29 PM	(M&O-FAIRBANKS) DAVIS, RON		18037 Steese Hwy, Fairbanks, AK 99712 US	OFF				8	On
	1/5/16 2:30 PM	(M&O-FAIRBANKS) DAVIS, RON		8895 Steese Hwy, Fairbanks, AK 99712 US	ON				36	On
00:06:21	1/5/16 2:45 PM	(M&O-FAIRBANKS) DAVIS, RON		18038 Steese Hwy, Fairbanks, AK 99712 US	OFF				1	On
00:00:45	1/5/16 2:47 PM	(M&O-FAIRBANKS) DAVIS, RON		12205 Steese Hwy, Fairbanks, AK 99712 US	8 Transitions* Ending in OFF				30	On
00:00:06	1/5/16 2:48 PM	(M&O-FAIRBANKS) DAVIS, RON		18493 Steese Hwy, Fairbanks, AK 99712 US	24 Transitions* Ending in OFF				33	On
00:00:02	1/5/16 2:51 PM	(M&O-FAIRBANKS) DAVIS, RON		18046 Steese Hwy, Fairbanks, AK 99712 US	8 Transitions* Ending in OFF				32	On
00:00:03	1/5/16 2:53 PM	(M&O-FAIRBANKS) DAVIS, RON		11182 Steese Hwy, Fairbanks, AK 99712 US	24 Transitions* Ending in OFF				31	On
	1/5/16 3:05 PM	(M&O-FAIRBANKS) DAVIS, RON		11382 Steese Hwy, Fairbanks, AK 99712 US	ON				24	On
00:00:23	1/5/16 3:02 PM	(M&O-FAIRBANKS) DAVIS, RON		11262 Steese Hwy, Fairbanks, AK 99712 US	OFF				24	On
	1/5/16 3:04 PM	(M&O-FAIRBANKS) DAVIS, RON		11270 Steese Hwy, Fairbanks, AK 99712 US	ON				24	On
00:29:30	1/5/16 3:23 PM	(M&O-FAIRBANKS) DAVIS, RON		88183 Steese Hwy, Fairbanks, AK 99712 US	OFF				2	On
	1/5/16 3:37 PM	(M&O-FAIRBANKS) DAVIS, RON		18874 Steese Hwy, Fairbanks, AK 99712 US	ON				20	On
00:14:53	1/5/16 3:52 PM	(M&O-FAIRBANKS) DAVIS, RON		18120 Steese Hwy, Fairbanks, AK 99712 US	3 Transitions* Ending in OFF				2	On
	1/5/16 4:00 PM	(M&O-FAIRBANKS) DAVIS, RON		18127 Steese Hwy, Fairbanks, AK 99712 US	ON				0	On
1/10/16 11:11	1/10/16 10:18 AM	(M&O-FAIRBANKS) DAVIS, RON		18177 Steese Hwy, Fairbanks, AK 99712 US	OFF				0	On



QUESTIONS