



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.

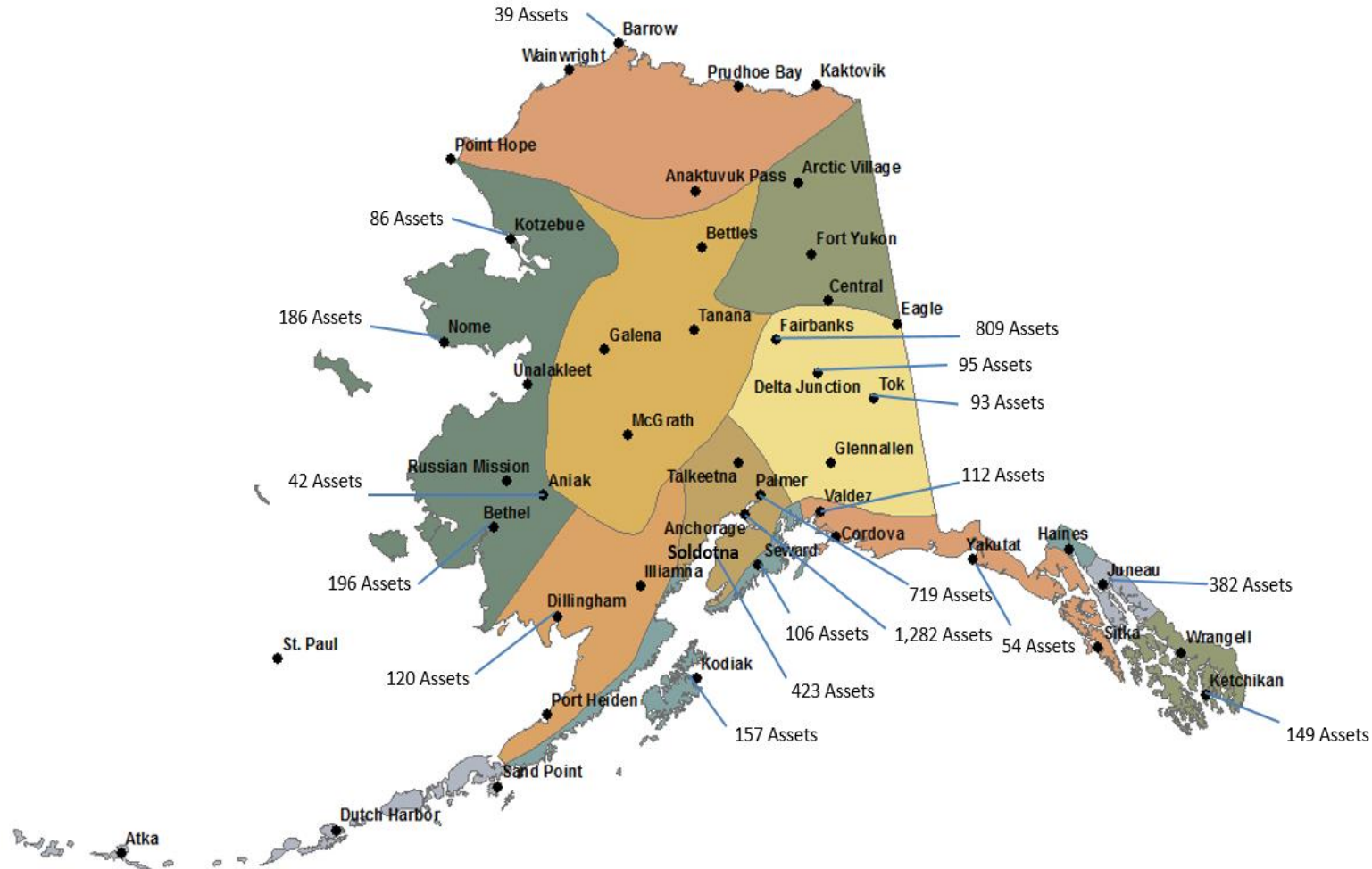
TRAINING: One trainer responsible for operator and technician training for the DOT&PF.



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

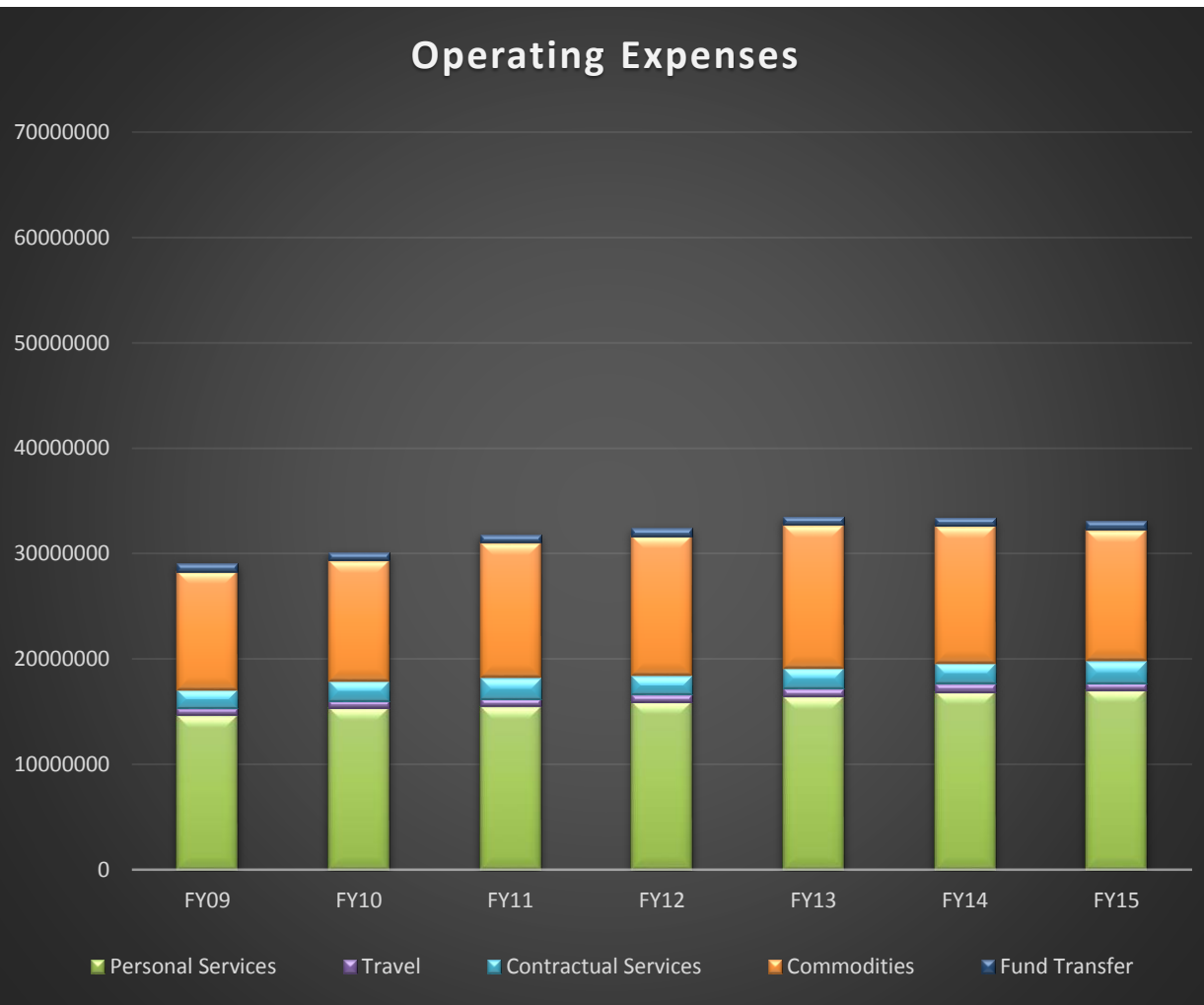
REVENUE

- 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



- 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.



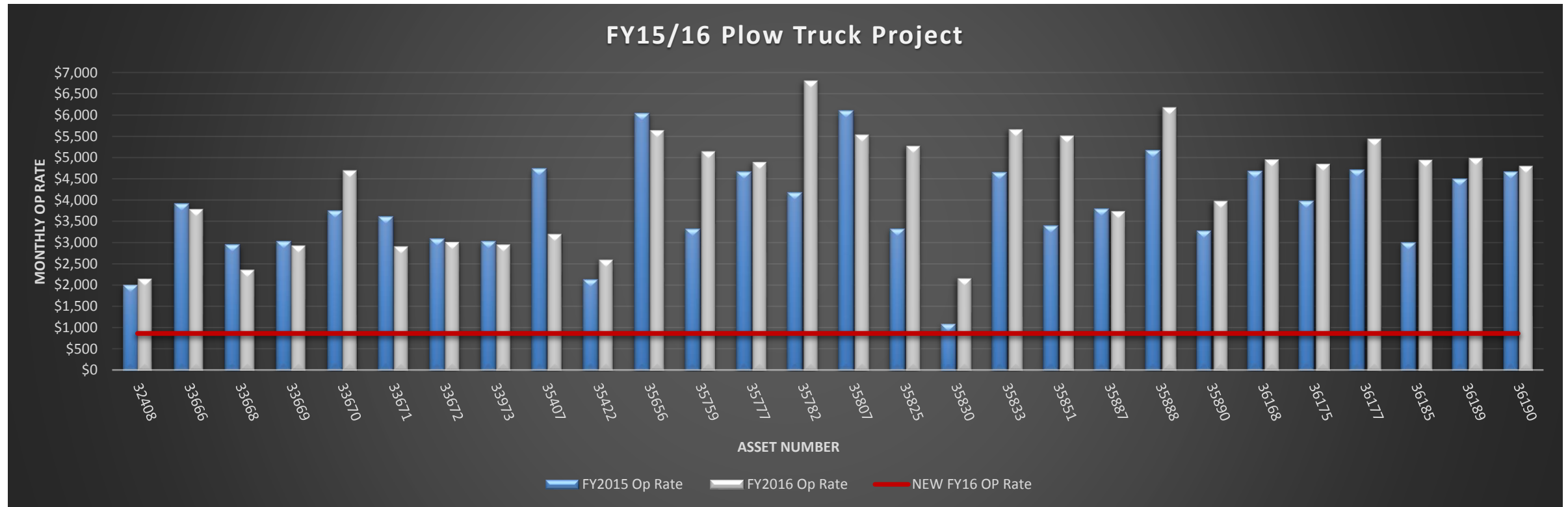
Light Duty - 10 Years; 150,000 miles

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:

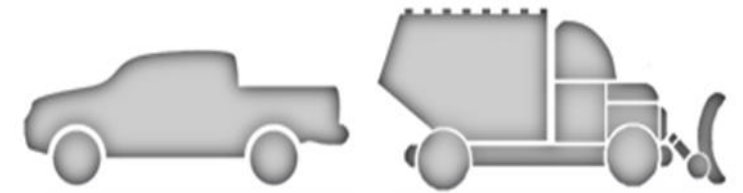
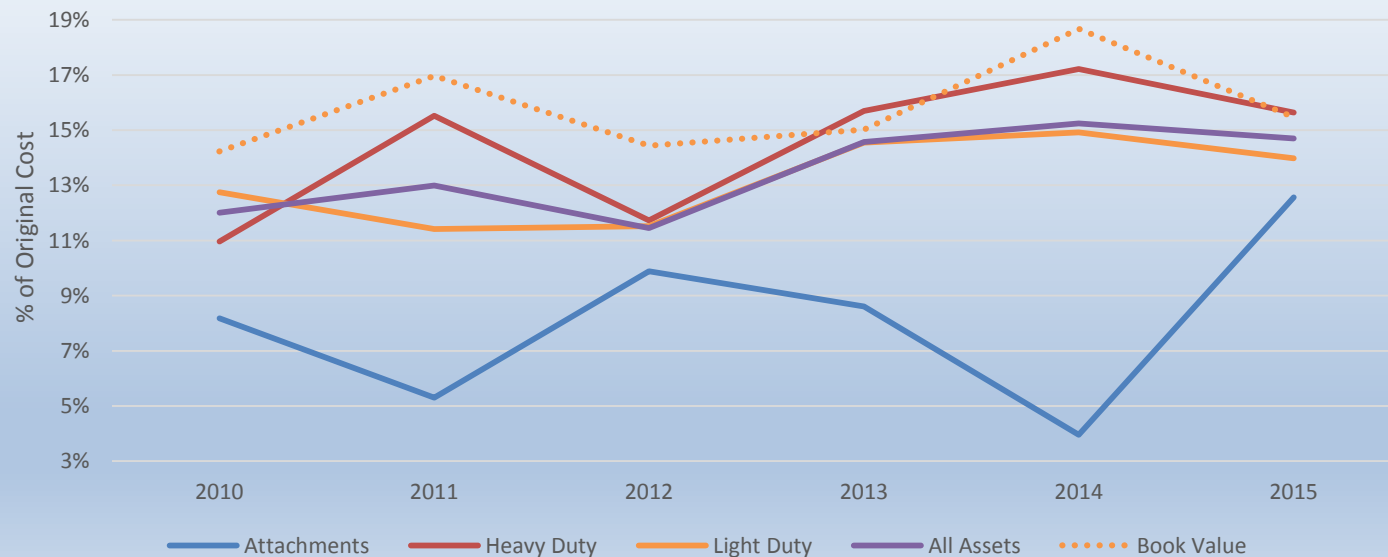
- Sedan/Sport Utility Vehicle: All-wheel drive or four-wheel drive sedan or small sport utility vehicle, seating for 5, 4-cylinder
- Truck: 4X2 or 4X4, 6.5 foot bed. Regular cab, 6-cylinder
- Light duty orders will be white unless a special need exists and is identified by the department
- New vehicles 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

Sale/Disposal Revenue by FY



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

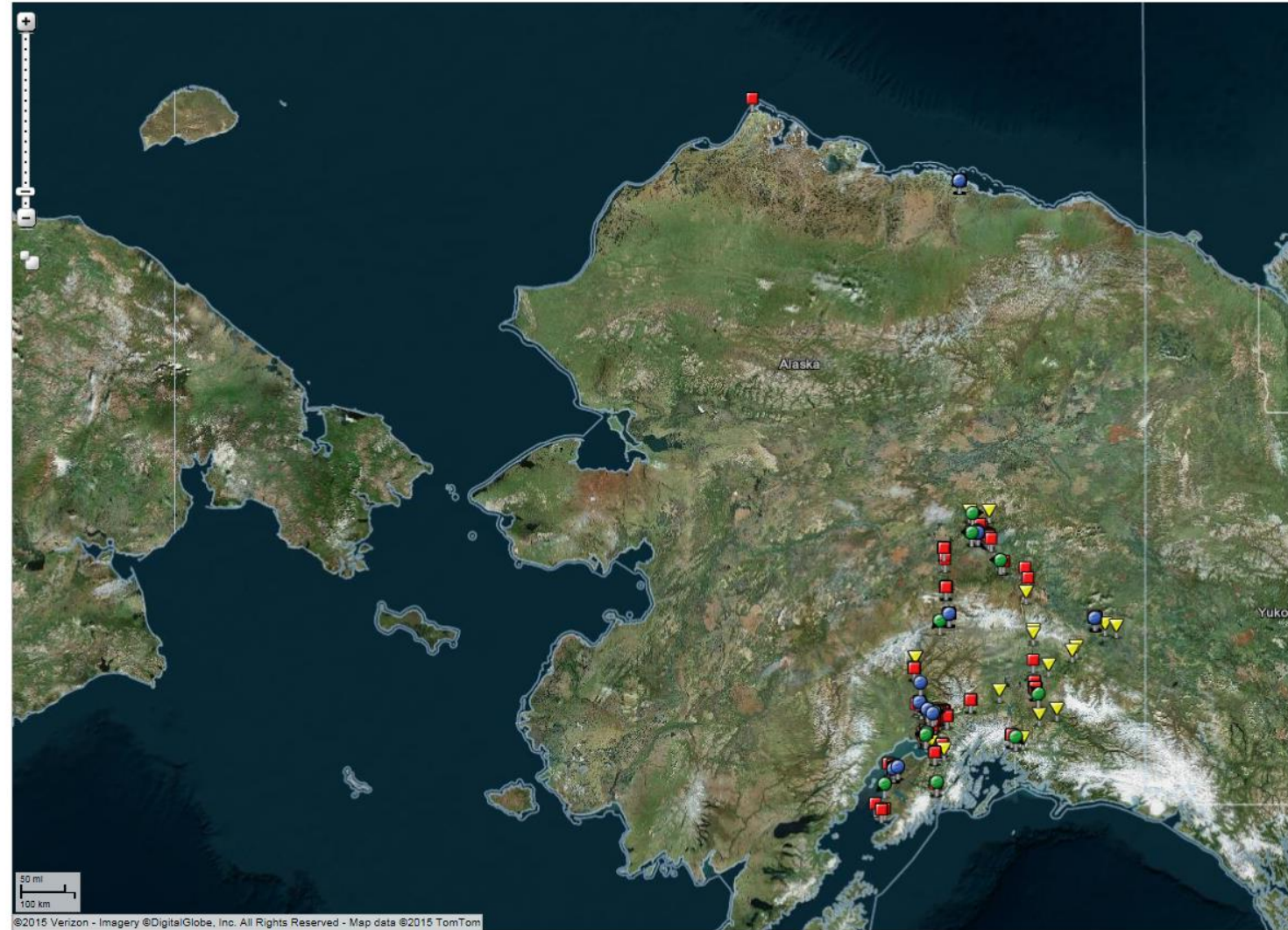
Number of average miles at time of sale on vehicles operated on road systems.

30-40%

A new 8-yard snow removal truck can be 30-40% less in total operating cost than a 10 year old truck.

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





Track Vehicles

Manage Vehicle Track

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



Alt Location (via mile log)	Date	Driver	Address	Sensor Status	Speed (mph)	Vehicle Status
87-07-53	1/4/16 2:06 PM	(M&O-FAIRBANKS) DAVIS, RON	18117 Steese Hwy, Fairbanks, AK 99712 US	ON	0	OFF
17-50-58	1/5/16 7:58 AM	(M&O-FAIRBANKS) DAVIS, RON	18117 Steese Hwy, Fairbanks, AK 99712 US	OFF	0	On
	1/5/16 9:11 AM	(M&O-FAIRBANKS) DAVIS, RON	18129 Steese Hwy, Fairbanks, AK 99712 US	2 Transitions* Ending in OFF	0	On
	1/5/16 9:58 AM	(M&O-FAIRBANKS) DAVIS, RON	18100 Steese Hwy, Fairbanks, AK 99712 US	ON	29	On
00-18-48	1/5/16 9:15 AM	(M&O-FAIRBANKS) DAVIS, RON	18088 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	5 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	7406 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	5 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
00-12-48	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 2:04 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	10037 Steese Hwy, Fairbanks, AK 99712 US	OFF	8	On
	1/5/16 2:39 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	10030 Steese Hwy, Fairbanks, AK 99712 US	OFF	1	On
00-00-45	1/5/16 2:47 PM	(M&O-FAIRBANKS) DAVIS, RON	10205 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	10403 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	10940 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	11102 Steese Hwy, Fairbanks, AK 99712 US	24 Transitions* Ending in OFF	31	On
	1/5/16 3:05 PM	(M&O-FAIRBANKS) DAVIS, RON	11362 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
00-26-30	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	15874 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
1/5/16 4:11	1/5/16 4:11 PM	(M&O-FAIRBANKS) DAVIS, RON	18177 Steese Hwy, Fairbanks, AK 99712 US	OFF	0	On

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

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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	65.36192 / -148.087822	1/14/16 11:08:21 AM			18116 Steese Hwy Fairbanks, AK 99712 US	

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