



Alaska Department of Transportation & Public Facilities

House Finance Subcommittee
State Equipment Fleet - Highway Equipment Working Capital Fund

Diana Rotkis, Deputy Director, Central Region

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Keep Alaska Moving through service and infrastructure

What We Do

We are a Government Shared Service

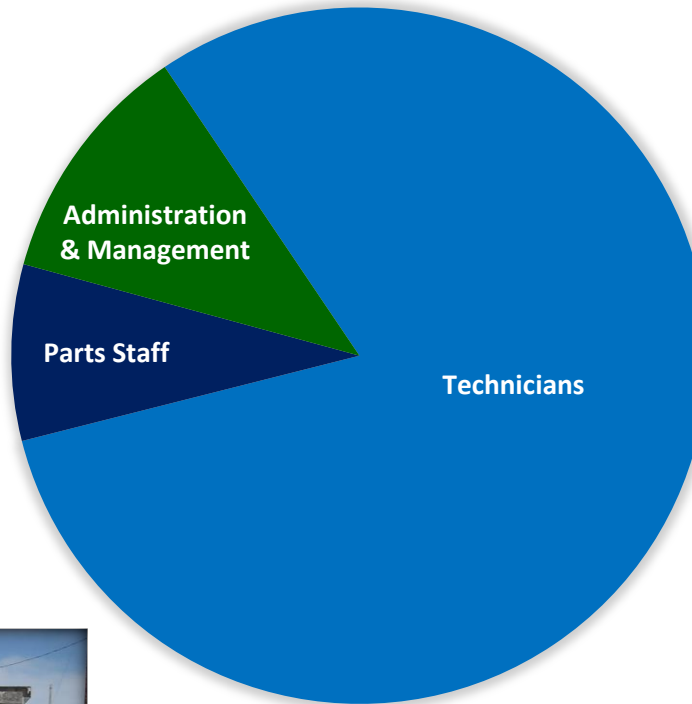
Centralized full service fleet management for 15 Executive Branch Agencies

- Contracting and procurement
- Division of Motor Vehicles services (licenses and titles)
- Financial management of the Highway Equipment Working Capital Fund
- Fleet maintenance – from motorcycles to fire trucks & snow blowers
- Fuel management
- Labor resource pool
- Parts management, purchasing
- Rental pools
- Sales of all excess fleet equipment, parts and scrap metals
- System management
- Training



Who We Are

Fleet Personnel



Technicians

128 servicing 79 maintenance stations and 242 rural airports

Parts Staff

12 staff keeping maintenance stations and operational with parts, commodities and tooling

Administration & Management

17 staff who oversee the shops; contract for the procurement and sale of vehicles; provide fuel credit cards to agencies; oversee the Equipment Management System and administrative support.





Who We Support





Highway Working Capital Fund Rate Structure

ONE Fund, TWO Functions

Operating Rates

Rates and fees designed to cover the cost of operations, repair , and maintenance of fleet assets.

- Based on individual asset maintenance history
- Break Even basis - any over collection is rebated

Replacement Rates

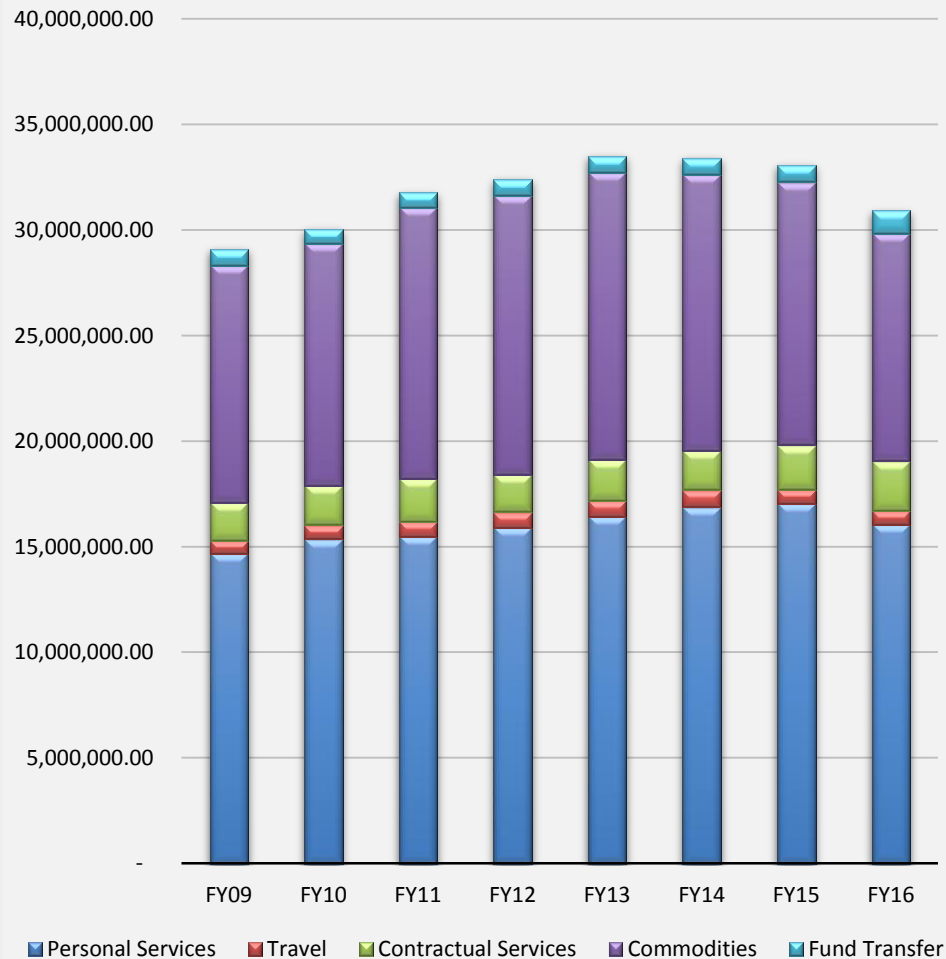
Rates and fees designed to collect funds to replace fleet assets when they reach the end of their life.

- Based on replacement cost at end of useful life

All fleet expenses are allocated to a rate program. All HEWCF rate programs are designed to produce zero profit; federal requirements dictate that any over collection be refunded back to end users in the next rate year calculations.

Operating Expenses / Rate Base

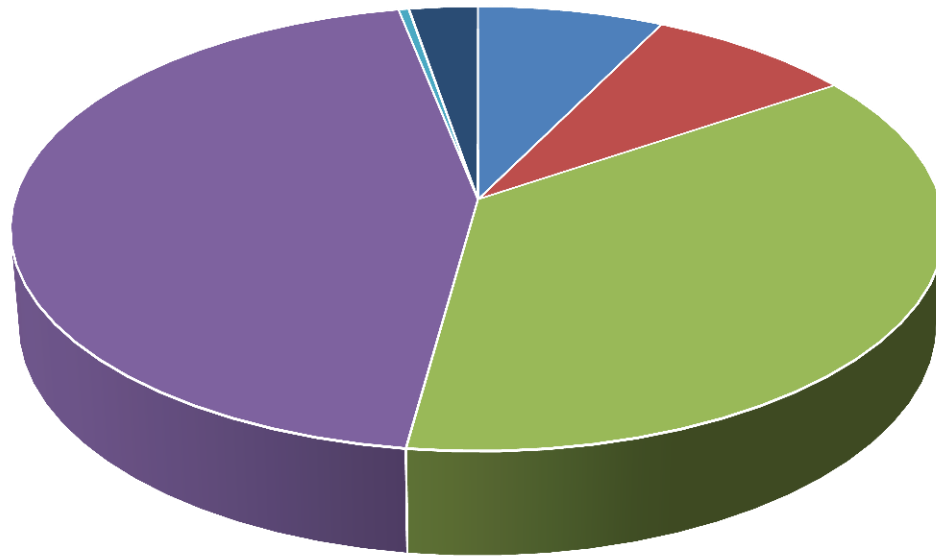
Operating Expenses



- Actual operating expenses = basis for the rates.
- FY16 expenses = rate base for FY18 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.

Revenue

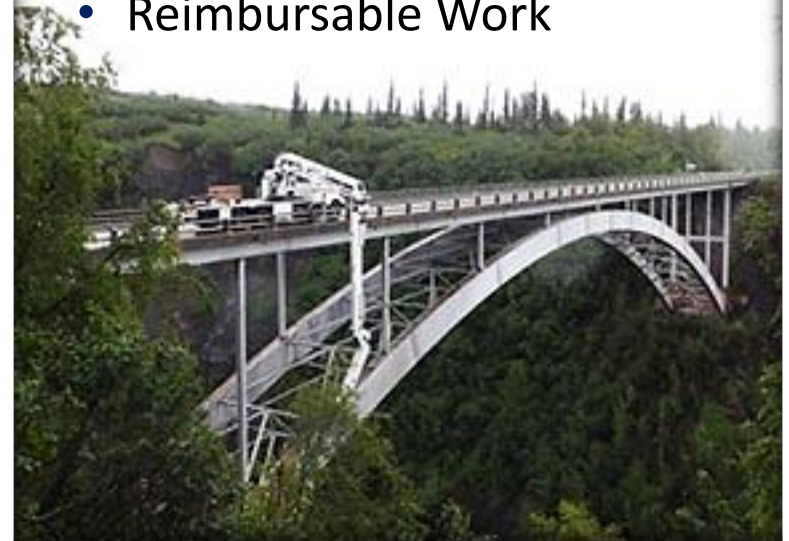
REVENUE (7 YR AVG)



- | | |
|--------------------|----------------|
| ■ Billables | ■ Fuel |
| ■ Operating | ■ Replacement |
| ■ Cost Recovery | ■ Misc Revenue |
| ■ Sales of Surplus | |

Revenues Include:

- Operating Rate Payment
- Billable Work Orders
- Fuel Reimbursement
- Replacement Rate Payment
- Cost Recovery
- Sales of Surplus Equipment
- Reimbursable Work



SEF Labor Rate vs Private Sector

SEF FY17 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 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

	Anchorage	Fairbanks
Light Duty		
Dealerships	\$130.00 - \$140.00/hr.	\$135.00 - \$160.00/hr.
Independent Repair Shops	\$90.00 - \$110.00/hr.	\$90.00 - \$120.00/hr.
Heavy Duty (Heavy Trucks and Heavy Equipment)		
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.



Replacement Program

FY18 Replacement Budget: \$15M
5.2% of total fleet replacement cost

96% of new asset purchases are
through Alaska vendors

91% of parts and service expenses are
paid to Alaska vendors

Department	Assets	Total Credits	FY18 Estimated Repl Cost
Admin 2	35	1,277,794	\$ 1,545,565
Law 3	5	200,033	\$ 144,083
Revenue 4	2	47,463	\$ 58,451
Education 5	10	266,245	\$ 299,631
HSS 6	202	4,560,024	\$ 6,692,424
Labor 7	43	1,068,991	\$ 1,310,537
CCED 8	6	75,265	\$ 184,774
Military & Vet Affair 9	41	1,318,234	\$ 1,770,672
Natural Resources 10	197	6,726,781	\$ 10,929,748
Fish & Game 11	149	3,863,319	\$ 5,554,277
Public Safety 12	494	11,223,493	\$ 17,283,453
SEF 16	96	4,295,782	\$ 4,927,946
Enviro Cons 18	44	1,275,786	\$ 1,367,349
Corrections 20	97	3,227,451	\$ 5,379,817
Transportation 25	<u>1,838</u>	<u>137,224,165</u>	<u>\$225,671,496</u>
Total	3,259	176,650,824	\$283,120,223

Sales of Excess Fleet Equipment



Light Duty



Heavy Duty

	Light Duty	Heavy Duty
SOLD	186	120
20-30 years old	17	64
10-20 years old	103	46
< 10 years old	66	10
Maintenance costs exceeding original value	77	56
Sale revenue to all funds	573,699	1,924,810

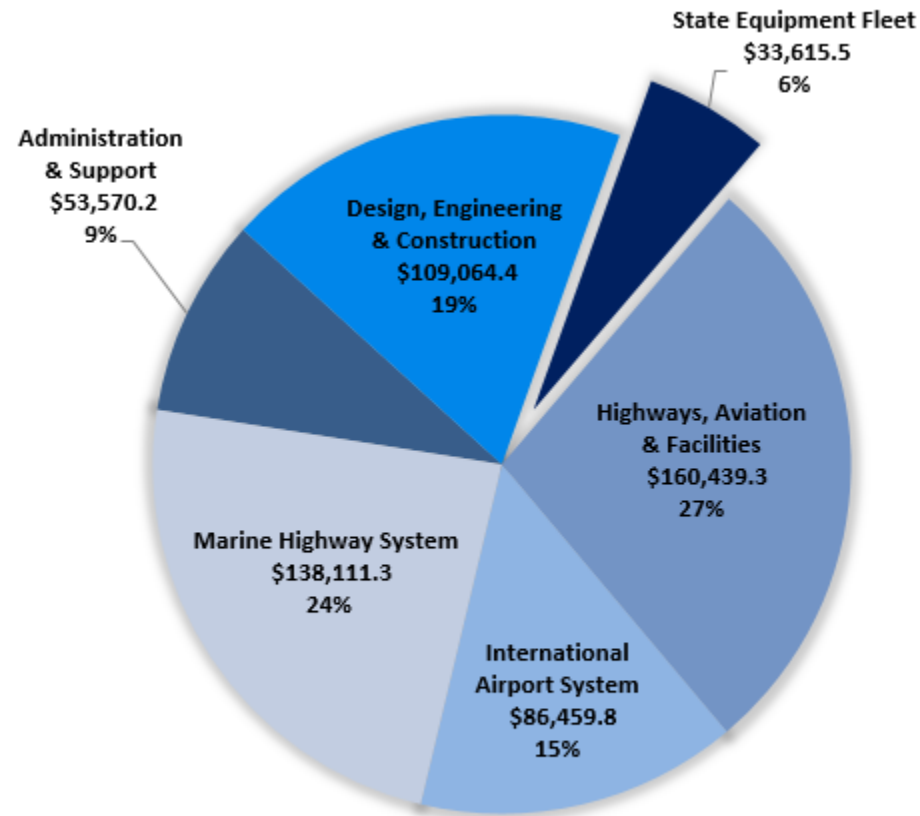
Before sale, vehicles and equipment are evaluated for:

- Reassignment
- Retention for use by another department
- Parts use on remaining equipment
- Assignment to a pool



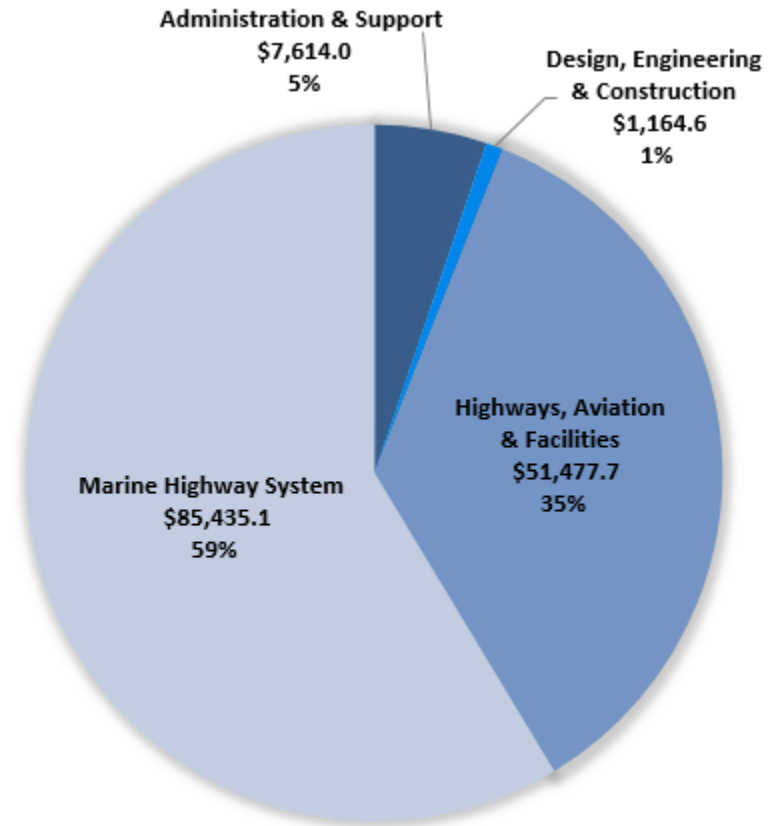
FY2018 Governor's Proposed DOT&PF Results Delivery Units (RDU)

All Funds



Total: \$581,260.5

Unrestricted General Funds

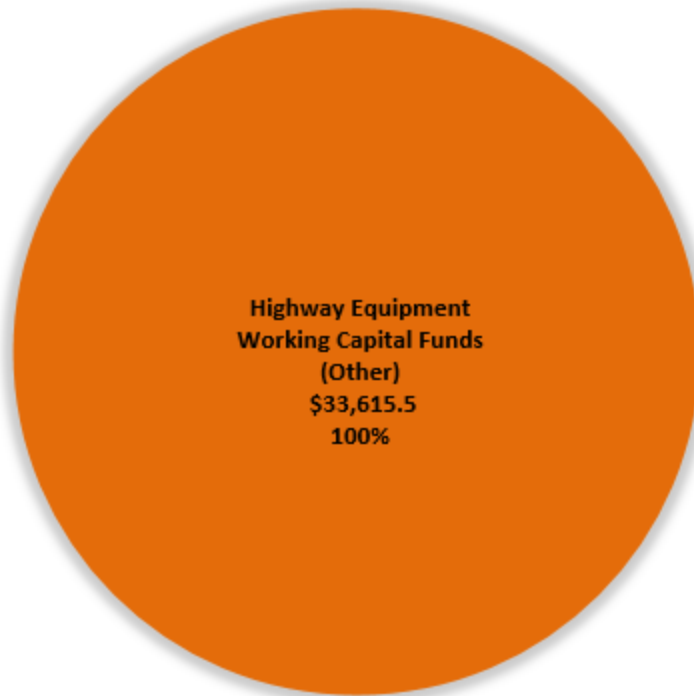


Total: \$145,691.4

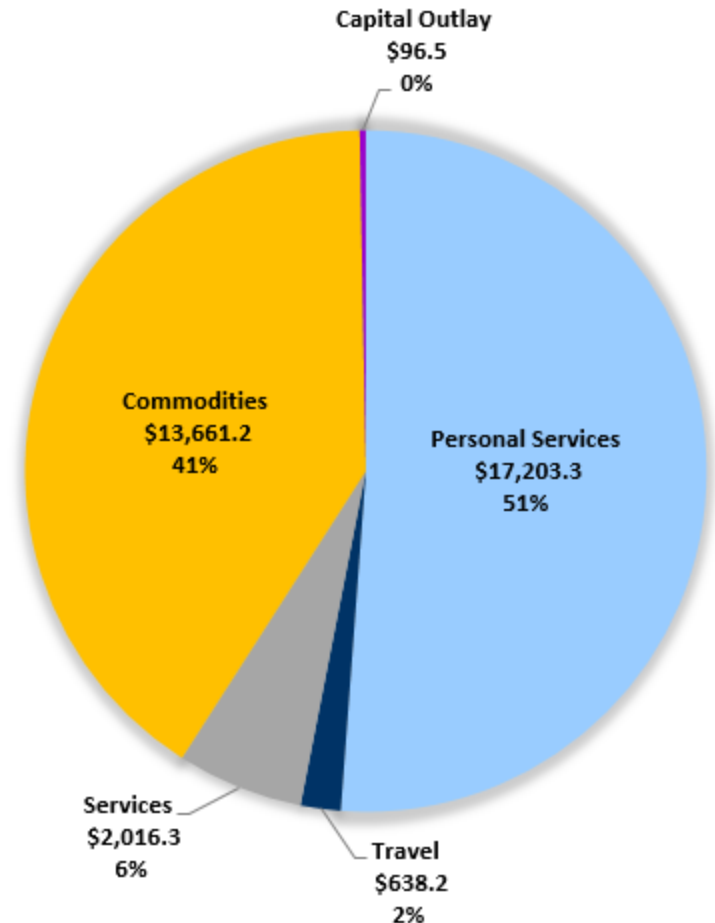
State Equipment Fleet does have any unrestricted general fund authority.

FY2018 Governor's Proposed State Equipment Fleet RDU

Funding

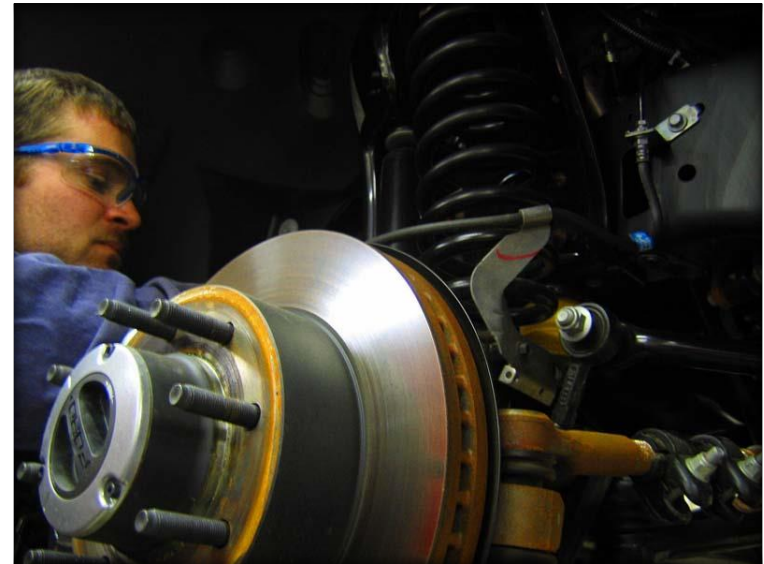


Expenditure Categories



FY2018 Governor's Proposed Budget Changes State Equipment Fleet

- **Vacant Position Reduction (5 PFT)**
 - \$350.0 reduction in Highway Equipment Working Capital funding
- **Transferred 1 Position to the Department of Administration for Shared Services of Alaska (SSoA)**
 - \$7.2 reduction for savings from SSoA implementation



State Equipment Fleet RDU

Component	Funding (in thousands)	# of PFT/PPT/NP Positions	# of Alaskans Served	* % Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
State Equipment Fleet	\$33,615.5: Other	157		100%	Important	Effective	No		Yes-AS 44





Thank You

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Questions?

