POLICIES THAT SLASH COSTS AND TRANSFORM YOUR FLEET

FLEET POLICY QUESTIONS & ANSWERS
WELCOME! OUR PRESENTATION BEGINS AT 2 P.M. EST

AGILE FLEET™
FLEET MANAGEMENT SOLUTIONS

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Welcome

Ed Smith
President
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571-498-7555 x501

- 20+ years in fleet

- Experience with ~150 fleets across:

  - Government

  - Commercial

  - Education

  - Utility

  - Social Services

  - Other

- Computer Science / Technical Background

- Why do I need policies?

- How can policies save me money?

- How do I create policies?

- How do I communicate the policies to our customers (users)?

- How do I enforce our policies?

AF AGILEFLEET™
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Why do I need policies?

True Story:

Problem
105 MPH recorded on fleet GPS

105 MPH!

Solution
Remove GPS devices and send them back to the vendor

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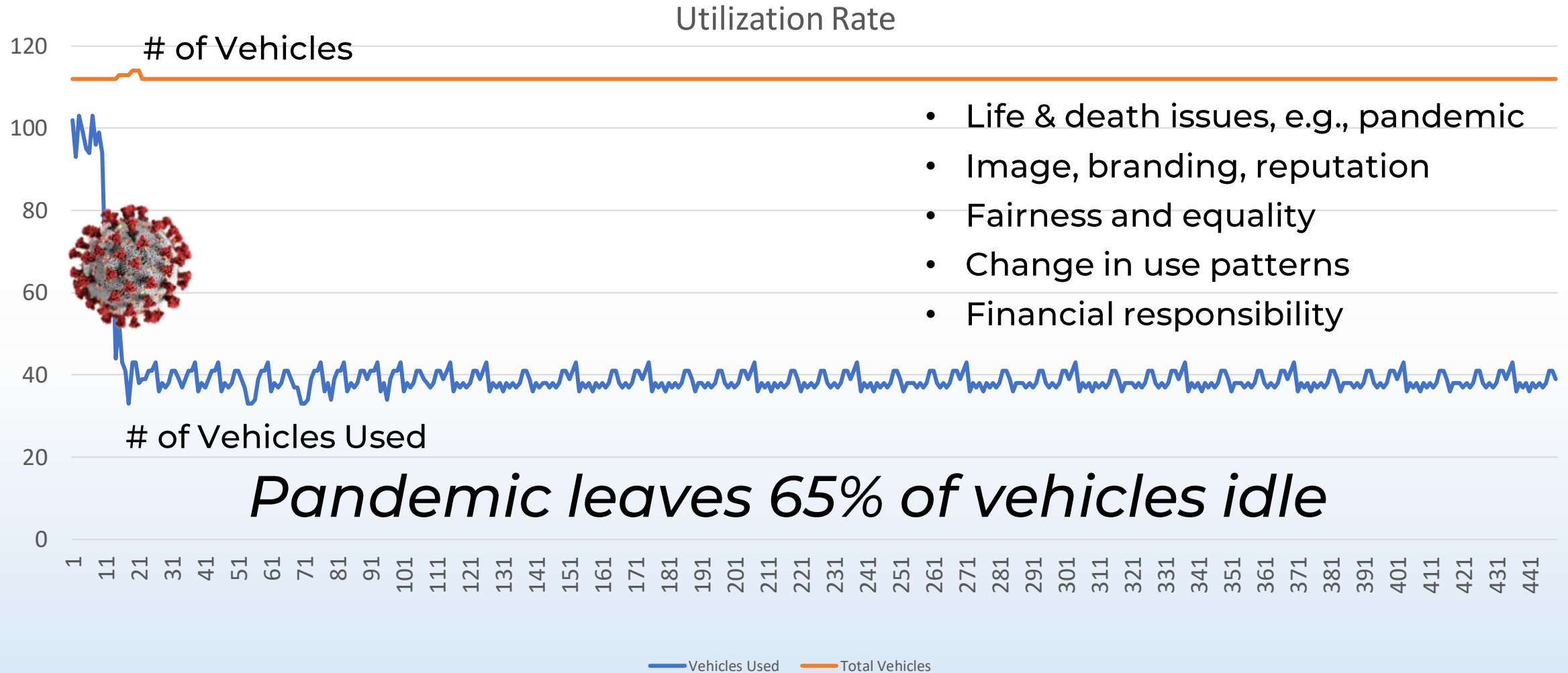FLEET MANAGEMENT SOLUTIONS

True Stories:

Fleet
Stories
that will
Shock You!
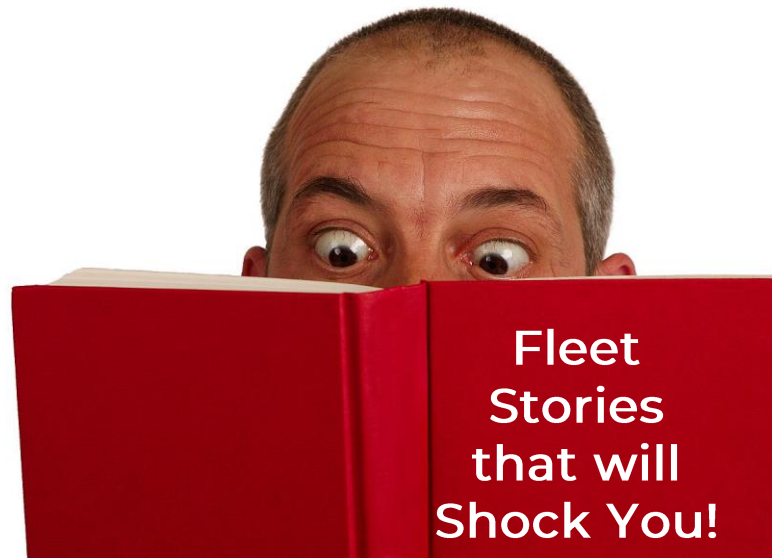
- *Driver claims UFOs caused two separate accidents in fleet vehicles – still driving fleet vehicles*

- *5-gallon bucket of cow eyeballs spilled in fleet mini-van causing thousands in repair bills*

- *Driver racks up $15,000 in reimbursements for using his personal vehicle for work*

- *Department head purchases vehicle in her own name using university funds to avoid assigned vehicle policies*

Why do I need policies?

Utilization Rate

- Life & death issues, e.g., pandemic
- Image, branding, reputation
- Fairness and equality
- Change in use patterns
- Financial responsibility

# of Vehicles

# of Vehicles Used

Pandemic leaves 65% of vehicles idle

120
100
80
60
40
20
0

1 11 21 31 41 51 61 71 81 91 101 111 121 131 141 151 161 171 181 191 201 211 221 231 241 251 261 271 281 291 301 311 321 331 341 351 361 371 381 391 401 411 421 431 441

Vehicles Used   Total Vehicles

Why do I need policies?

✓ Establish boundaries for acceptable behavior and guidelines for best practices with respect to using fleet vehicles

✓ Offer clear communication to your users as to how you expect them to act when using fleet vehicles

✓ Contribute to the overall culture of the fleet operation because they instill norms and create a level of uniformity

✓ Help to prevent different interpretations of proper conduct

✓ **TO SAVE MONEY!**

Why do I need policies?

<u>Nearly every audit includes a focus on policy:</u>

"Our analysis found that over 35% of transport vehicles and 25% of City trucks and equipment did not satisfy minimum utilization criteria."

"Based on available information, the City's annual cost for the underutilized transport vehicles is $396,000; cost data was not available for the equipment."

"The City's Policies and Procedures should be revised to: identify cost-effective utilization criteria, establish a rigorous and routine process to justify utilization exemptions, clarify replacement criteria, and provide clearer policies for take-home vehicle use."

"An audit of a state fleet's gas purchases found that the state could save $750,000 by simply communicating and enforcing fleet policy regarding the purchase of the lowest octane fuel available."

Nearly every audit includes a focus on policy:

Audit Finds Flaws in Anchorage's Take-Home Policy

August 1, 2018

INTERNAL AUDIT — THE CITY OF **CLARKSVILLE** TENNESSEE'S TOP SPOT

April 4, 2018

Conclusions of Report

Our audit of the fleet policy resulted in the following conclusions related to our original objectives. Individual departments have varied processes for addressing requirements within the fleet policy. This inconsistency leads to non-compliance with various areas of the policy, including preventative maintenance, driver's license monitoring, training, take home vehicle monitoring, and safety.

Common findings across nearly all fleet audits:

1. <u>Have</u> policy

2. <u>Communicate</u> policy

3. <u>Enforce</u> policy

4. Have, and use, a Fleet Management Information System (FMIS)

Why do I need policies?

You don't want your name here:

Audit Prompts Ohio Sewer District to Reduce Fleet - Top News ...
m.government-fleet.com/news/.../audit-prompts-ohio-sewer-district-to-reduce-fleet ▾
Mar 1, 2017 - The utilization **policy** set by the city is 350 miles per month for passenger vehicles.
Using this utilization **policy** of 4,200 miles annually, auditors found the city ... Responds to **Fleet**
Audit Claiming Waste · Audit Analyzes Wash.

Illinois Fleet Audit Finds State Vehicles Are Underutilized - News ...
www.government-fleet.com/.../illinois-fleet-audit-finds-state-vehicles-underutilized.as... ▾
Nov 4, 2011 - Not all State agencies were following CMS' **policies**. The audit recommended that
agencies using CMS vehicles should follow the program's ...

U.S. mismanaged $1 billion armored vehicle fleet, audit says – The ...
www.denverpost.com/2017/02/15/armored-vehicle-fleet-audit/ ▾
Feb 15, 2017 - U.S. mismanaged $1 billion armored vehicle **fleet, audit** says ...

Vehicle-fleet audit urged - Los Angeles Daily News
www.dailynews.com/general-news/20070628/vehicle-fleet-audit-urged
"It's high time that we gained a thorough understanding of the city's vehicle **policy** and
use it to ensure that all city-owned vehicles are used ...

How can policies save money?

How do policies save money?

1. By limiting use of personal vehicles

2. Using the lowest cost vehicle for the job, e.g., sharing

3. Establishing that an assigned vehicle must be used a minimum # of miles or time per month, or it will be reassigned

4. Operating vehicles only up to their optimum economic life

5. Using vehicles only for <u>business purposes</u>

6. Reducing unnecessary idling, speeding, hard braking, and other fuel-consuming or costly behaviors

How do policies save money?

Scott County, Minnesota (use of personal vehicle):

Officials and employees shall always use a County motor pool vehicle and/or ride sharing – when available and determined to be most cost effective - in the performance of their assigned duties. If a motor pool vehicle is not available, officials and employees can use their private vehicles in the performance of their assigned duties and be compensated for such use by reimbursement at the published, federally accepted maximum rate for mileage. The standard rate shall apply to each mile driven.

Scott County, Minnesota:

- ✓ Identified that county vehicles were 30% lower cost than personal mileage reimbursement

- ✓ Reduced personal vehicle use by 65% by requiring proof that no motor pool cars were available before using a personal vehicle

- ✓ Saves nearly $230,000 in mileage reimbursement

- ✓ Streamlined fleet processes, such as online vehicle reservations, key management

How do policies save money?

Iowa State University:

- ✓ Offered lower-cost motor pool sharing solution (35%)

- ✓ Saved $100,000 in mileage reimbursement

- ✓ Logs 500,000 miles on shared fleet vs POVs

IOWA STATE UNIVERSITY

How do policies save money?

City of Stamford, CT:

- ✓ Created a motor pool and implemented automated motor pool system

- ✓ Enforced policies regarding assigned vehicle use

- ✓ Reduced the fleet by from 80+ to ~19 vehicles

- ✓ $300,000 saved per year

Washington Metro Area Transit Authority (WMATA)

- ✓ Implemented GPS tracking on over 1,000 vehicles

- ✓ Communicated and enforced a policy regarding idling

- ✓ Realized a 66% reduction in <u>idling</u>

Creating policies

Creating policies

1. Solicit the advice of other fleet managers in a similar organization such as yours

2. Solicit the participation of all affected areas of your organization
   - Drivers, technicians, managers, union officials
   - Involving them in the decision-making process will increase the likelihood of their buy-in and support

3. Use clear, concise language with minimal industry jargon

4. Include all information drivers need to properly operate their fleet vehicles

5. Clearly state ramifications for non-compliance with the policy

6. Create only relevant and necessary policies.
   A lengthy policy manual never gets read.

7. Be prepared for exceptions (you won't be able to cover every contingency anyway)

8. Don't go overboard with policies if they infringe on employee rights and contribute to low morale

9. Arrange a legal review

10. Your fleet policy should be a living document that is updated annually

https://das.iowa.gov/sites/default/files/fleet/pdf/DASFleetPNPmanual.pdf
https://your.yale.edu/policies-procedures/policies/1705-university-fleet-policy

Creating policies

Components (not an exhaustive list)

- Organizational roles
- Driver eligibility
- Vehicle ordering
- Personal use
- Use of personal vehicles
- Maintenance – what maintenance services and when? Who's responsible?
- Types of fuel
- Extras – are car washes allowed? Can I use the fuel card to purchase food?
- Registration

- Violations – speeding
- Behavior - idling, braking, starts, location
- Accidents
- Vehicle replacement
- Use of electronics
- Driver reporting
- Consequences of non-compliance
- Use of GPS / telematics

Communicating policies

Communicating policies

- Make fleet policy easily accessible by drivers and managers by posting it on the company intranet and your FMIS

- Set aside time at company meetings to make fleet policy presentations to the drivers and managers.

- Send periodic e-mails to drivers on specific fleet policy reminders, particularly the issues that have higher-than-normal incidents. Copy managers.

Communicating policies

- Create a newsletter that is mailed or e-mailed to company drivers to promote awareness of fleet policies by providing helpful suggestions on driver safety, vehicle care, and other topics

- Especially important to communicate <u>motor pool</u> policies because these are people that may not drive a vehicle on a consistent basis

- Have users sign and date an acknowledgement form to prove they received them

Communicating policies
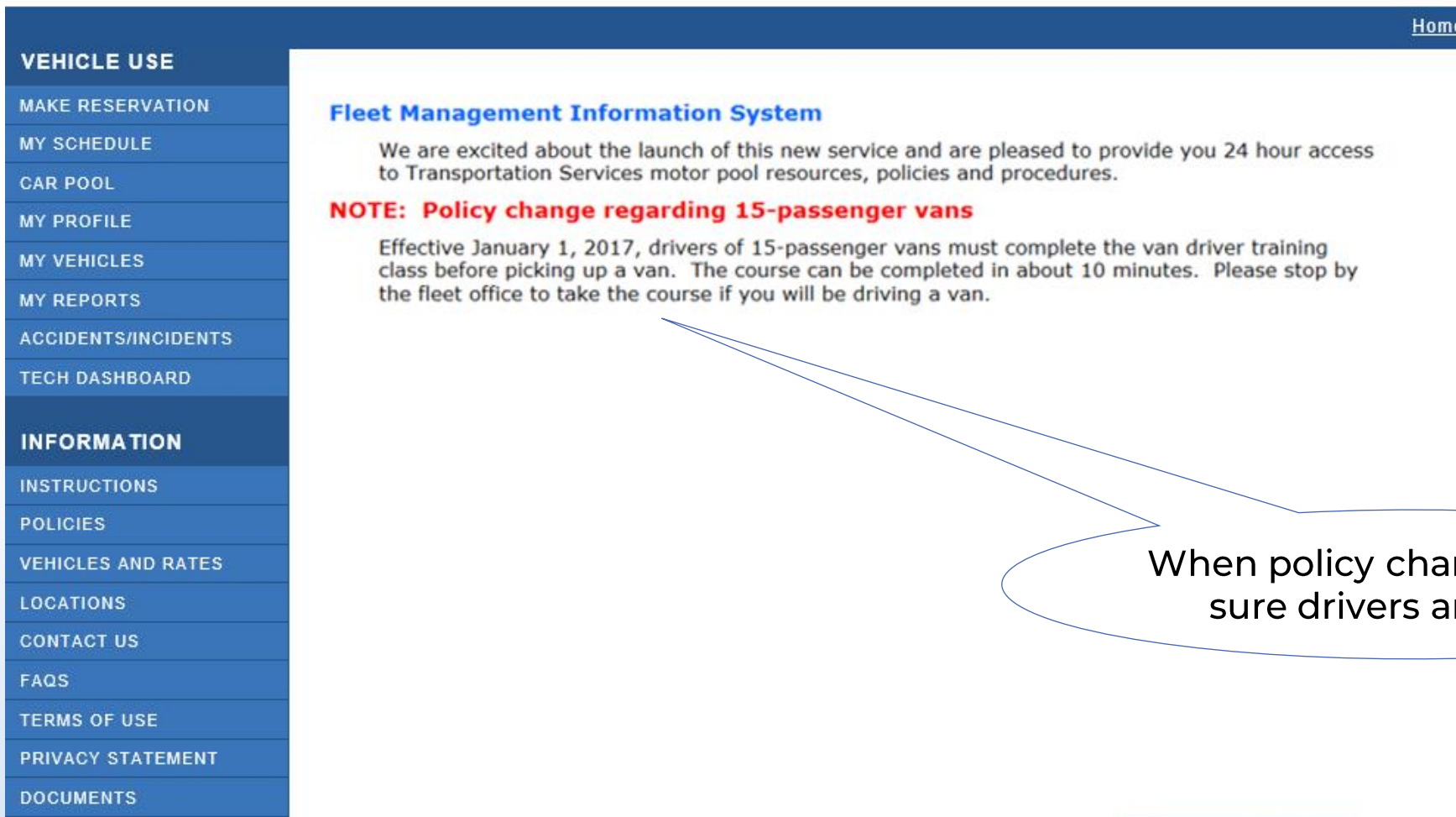
Require that drivers acknowledge new or changed fleet policies

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Communicating policies

When policy changes... make sure drivers are aware.

Communicating policies

Make it easy for drivers to find your fleet policy

Communicating policies

Keep your policy front-and-center

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Communicating policies

Your FMIS should be monitoring fleet policies automatically

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Communicating policies
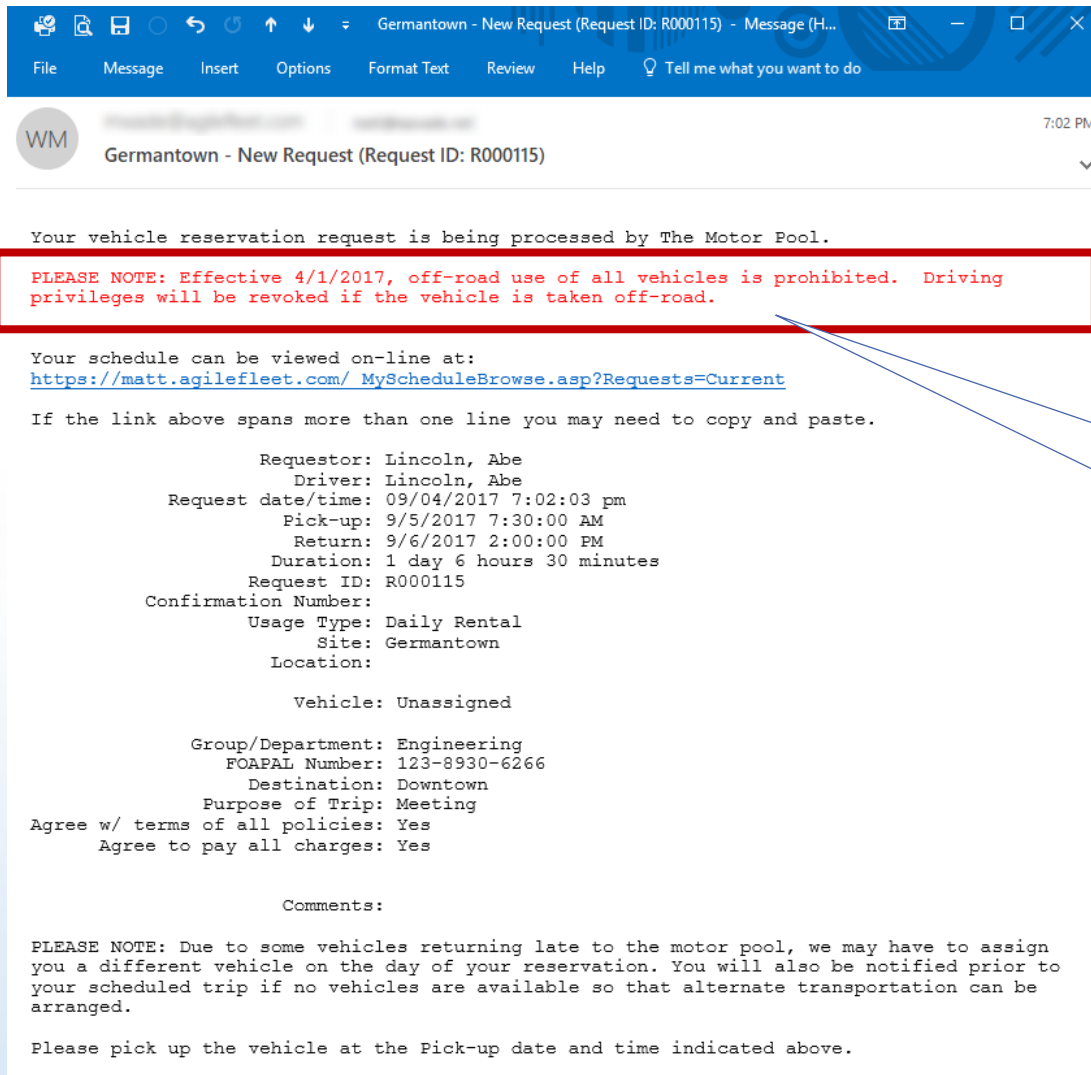
Policy statements in confirmation emails

Enforcing policies

Enforcing policies

- Enforce policies <u>every time</u> to avoid condoning a user's actions

- Let your FMIS enforce and communicate – it becomes an objective process, not subjective

- Be consistent

- Do not wait too long

- Do not apply your policies retroactively

- Avoid giving "blanket warnings" to all your users

- Keep adequate records of policy enforcement

Enforcing policies

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Profile	Permissions	Usage	HR	Dependents	Time

Back to Manage Users | Back to Browse HR

User Information
Name (last, first middle):   Smith, Edwin (blank)
Salutation: Mr.
Username: esmith

Add New HR Item >>>

Filters

Creation Date Between:

Last Modified Date Between:

Suspension Date Between:

Dependent Relationship
All ▼

Category Type:
All Types
Citations
Policy Violation
Dependent Issue

Action Type:
All Types
Coaching
Council
Suspension

Status
All ▼

HR Item ID: [   ]   Short Description: [   ]

CLEAR | FILTER

	HR Item ID	Category	Action	Relationship	Short Description	Date Created	Last Modified▲	Status	Img
🔍 ✏ ✖	1	Policy Violation	Suspension		Gave keys to unauthorized driver	6/2/2017 5:38:03 PM	6/2/2017 5:38:03 PM	OPEN	N

Summary

- If a focus on policy is new to you… start small

- If you already have comprehensive policy, keep it updated:

  - Consider updating one piece of your policy per month

  - Involve you fleet stakeholders

- Leverage others' successes

https://das.iowa.gov/sites/default/files/fleet/pdf/DASFleetPNPmanual.pdf
https://your.yale.edu/policies-procedures/policies/1705-university-fleet-policy

Questions

How might policies change during or after a pandemic?

- Make waiver of requirements official...not <u>in</u>formal

- Establish a time frame for revisiting the policy

- Take advantage of the policy to lower costs!

Should we allow drivers to take a vehicle to lunch or to run a personal errand? Some of our employees take public transportation to work and do not have a way to get around during the day.

What are the best ways to minimize operational costs in fleet?
- Share!

Are there any new policies in fleet management that fleet managers must consider based on technology advances?

- GPS:
    - Make drivers aware of devices in vehicles
    - Define actions to be taken if infractions are identified
    - Define whose role it is to monitor data (Negligent Entrustment)

Thanks for joining us

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Agile Fleet offers free resources on important fleet topics. Download today at:
www.agilefleet.com/resources