

STATE OF MISSOURI
OFFICE OF ADMINISTRATION



STATE FLEET MANAGEMENT
ANNUAL REPORT 2006

Michael N. Keathley
Commissioner of Administration

State Fleet Management Program

Annual Report

2006

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STATE FLEET MANAGEMENT 2006 ANNUAL REPORT

Matt Blunt
Governor



Michael N. Keathley
Commissioner

State of Missouri
OFFICE OF ADMINISTRATION
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The Honorable Matt Blunt and
Members of the General Assembly

I am pleased to submit the Fleet Management Report for the calendar year ended December 31, 2006.

Section 37.450 RSMo. requires the State Fleet Manager to produce an annual report outlining the status of the state vehicle fleet and detailing recommendations for improvements and changes necessary for more efficient management of the fleet.

I believe you will find this report useful and informative. I thank you for your support as we strive to continue to improve the overall efficiency of the state vehicle fleet. This report is available in its entirety on the State Fleet Management website at <http://www.oe.mo.gov/gs/fm/index.htm>.

Sincerely,

Michael N. Keathley

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EXECUTIVE SUMMARY

Missouri's State Fleet Management Program continues to improve fleet management practices in Missouri state government. Section 37.450 RSMo. requires the State Fleet Manager to produce an annual report outlining the status of the state vehicle fleet and recommend changes needed to improve fleet management within the state. This report includes details of progress made in 2006, the current state of the vehicle fleet and fleet management goals for 2007. A history of prior fleet management initiatives from 1997 – 2005 is included for reference purposes as Appendix A.

State Fleet Management is assigned to the Office of Administration, Division of General Services. The State Fleet Manager coordinates all aspects of the program which performs the following functions:

- Coordinates statewide fleet management activities
- Develops vehicle policy and monitors agency compliance with the State Vehicle Policy (SP-4)
- Administers the State Fleet Information System
- Pre-approves passenger vehicle purchases
- Reports the status of the state vehicle fleet annually to the Governor and the General Assembly
- Recommends the state fleet mileage reimbursement rate
- Recommends fleet replacement options to policymakers
- Serves as a resource for state agencies

Missouri state agencies independently manage their vehicles in accordance with state statutes and the State Vehicle Policy. The Office of Administration develops policies with the input of agency fleet managers.

The major accomplishments of the State Fleet Management Program for 2006 are as follows:

- Issuance of the new State Vehicular Travel Policy (SP-12) requiring state employees to utilize the lowest cost travel option for in state trips
- Began implementation of a new Smart Lease Vehicle Program to generate immediate cost savings by reducing agency mileage reimbursement expenditures for certain employees
- Completed a fleet condition assessment and presented vehicle replacement needs, along with financing options to the Office of Administration, Division of Budget and Planning
- Implemented a major upgrade to the State Fleet Information System
- Awarded a new Vehicle Rental Services Contract

State Fleet Management Program goals for 2007 are detailed beginning on page 14. The condition of the state fleet, replacement needs and financing options are highlighted in this report beginning on page 15.

AGENCY FLEET MANAGERS

The Fleet Management Advisory Committee (FleetMAC) is comprised of representatives from state agencies who provide valuable input into decisions affecting fleet management within the state. Agency fleet managers serve as a single point of contact between the State Fleet Manager and their respective agency on all fleet related issues.

Agency fleet managers are listed below:

Agriculture	Alan Clements
Attorney General's Office	Arlene Boessen
Auditor's Office	Mark Henley
Conservation	James Gerling
Corrections	Mandie Morriss
Economic Development	Rhonda Meyer
Elementary & Secondary Education	Rich Villmer
Governor's Office	Pattie Parris
Health & Senior Services	Kevin Kolb
Higher Education	Janelle Jaegers
Insurance	Shirley Gerling
Labor & Industrial Relations	Doug Stephan
Mental Health	Mike Haake
Missouri Lottery	Rick Petty
Missouri State Highway Patrol	Larry Rains
Natural Resources	Stan Perkins
Office of Administration	Cynthia Dixon
Public Safety	Rhonda Fogelbach
Revenue	Brenda Davis
Secretary of State	Carl Greeson
Social Services	Al Gage
State Courts Administrator	Donna Melcher
State Tax Commission	Stacey Jacobs
Transportation	Jeannie Wilson
Treasurer's Office	Nancy Tennison

2006 ACCOMPLISHMENTS

The key accomplishments for the State Fleet Management Program in 2006 are listed below. Further discussion on each accomplishment is included on the following pages.

- Issued a new State Vehicular Travel Policy, (SP-12)
- State agencies reduced employee mileage reimbursement through increased use of state and rental vehicles
- State Fleet Information System upgraded
- Established Master Lease Financing Program
- Began implementation of the Smart Lease Vehicle Program
- Proposed changes to the State Vehicle Policy
- Completed fleet condition assessment, proposed fleet financing options
- Discontinued use of “Non-Fleet Contracts” saving thousands of dollars in vehicle acquisition costs, modified state vehicle contracts to include rollover option
- Began discussions with Missouri Department of Transportation on use of bulk fuel sites
- Implementation of new rental services contract

2006 ACCOMPLISHMENTS

Issued new State Vehicular Travel Policy (SP-12)

On April 24, 2006, the Office of Administration issued the State Vehicular Travel Policy (SP-12) to reduce state travel expenses by requiring state employees to utilize the most cost effective travel option for in state travel.

New travel policy requires employees to utilize the lowest cost travel option, creates savings opportunities for state agencies.

Prior to implementation of SP-12, state agencies had differing travel policies. Some agencies had varying reduced mileage reimbursement rates if employees elected to take their personally owned vehicle (POV) rather than an available state vehicle. Some agencies allowed employees to utilize their personal vehicles and claim full mileage reimbursement even if state vehicles were available for their use. It became apparent that a statewide policy was necessary to ensure that state travel expenditures were limited to the lowest cost available option.

SP-12 requires employees to utilize the *Trip Optimizer*, a web based cost estimating tool for instate trips (illustrated below). The *Trip Optimizer* calculates and displays the lowest cost travel option between state vehicles, rental vehicles or mileage reimbursement based on the number of round trip miles and the number of travel days. The *Trip Optimizer* may be accessed via the web at:

<http://www.oe.mo.gov/gs/fm/index.htm>



SP-12 created a dual mileage reimbursement rate structure comprised of the existing standard rate (typically three cents under the federal rate) and a new fleet rate based on the state's cost to own and operate a mid size sedan. When a state vehicle is available to the employee and the employee elects to drive their personally owned vehicle, the maximum reimbursement rate for an employee is limited to the established fleet rate which is set at \$.23 per mile for FY'07.

Enter Trip Information		
Total Round Trip Miles:	200	
Total Trip Days:	1	
Trip Cost		
Travel Option	Total Cost	Per Mile Cost
Enterprise Rental Mid-Size Rate - Fuel Included:	\$52.93	\$0.2646
State Vehicle Mid-Size Sedan:	\$49.00	\$0.245
Mileage Reimbursement (FY '07 Standard Rate):	\$83.00	\$0.4150
Lowest Cost:	State Vehicle	
Next Lowest Cost:	Enterprise Rental	

2006 ACCOMPLISHMENTS

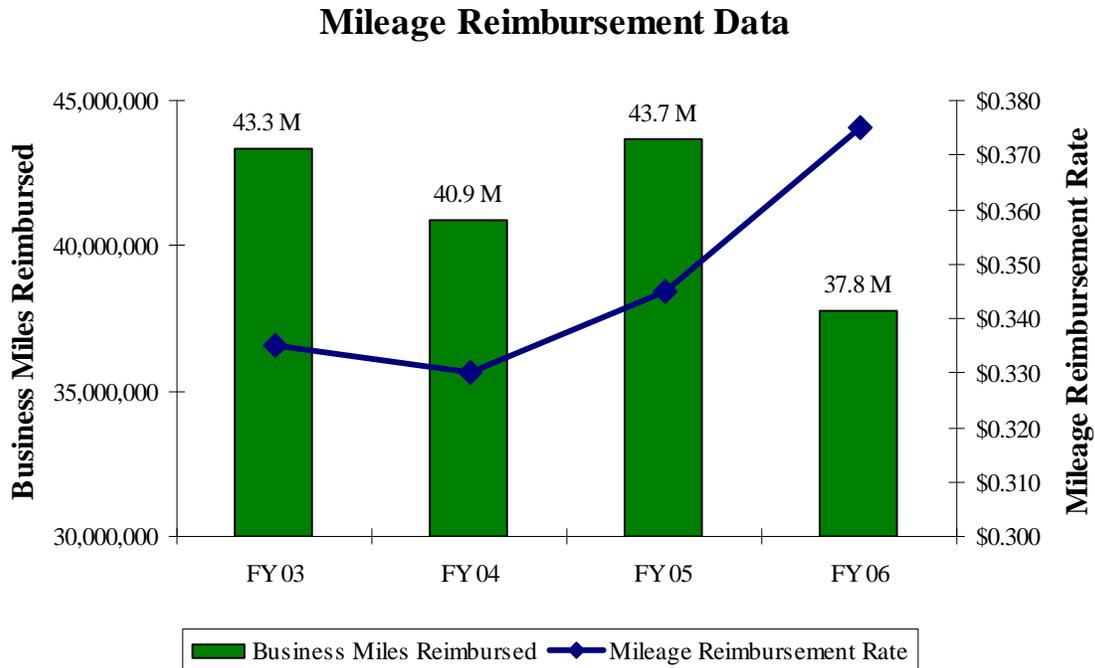
The new travel policy has changed the way travel decisions are made across state government. Employees are now required to document that they have elected to utilize the lowest cost travel option. Agencies and their employees are now more aware of the significant savings opportunities offered by use of state and rental vehicles.

State agencies reduce employee mileage reimbursement through increased use of state vehicles and the rental services contract

Mileage Reimbursement Declines

State agencies reduced the number of miles reimbursed for use of personally owned vehicles in FY'06 through increased use of state vehicles and rental vehicles. The average per mile cost of state and rental vehicles is far less than the state's standard mileage reimbursement rate.

The following chart illustrates the number of business miles reimbursed for employee use of personal vehicles compared to the standard mileage reimbursement rate for that fiscal year.



2006 ACCOMPLISHMENTS

Rental vehicle use increases

The number of rentals days more than tripled between FY '04 and FY '06 as more agencies began to use the state's Rental Services Contract with Enterprise Rent-A-Car. Short term rentals are typically a lower cost option to mileage reimbursement when state vehicles are unavailable. Agencies determine whether to utilize the rental contract based on results from the *Trip Optimizer*. The contract offers unlimited in-state miles making the rental contract more advantageous to state agencies when employees take long distance trips that are short in duration. The following table illustrates rental contract utilization and estimated savings per mile compared to the standard mileage reimbursement rate.

Compared to mileage reimbursement, state agencies saved 12.4 cents per mile in FY'06 by using rental vehicles.

Rental Contract Utilization and Estimated Savings							
Fiscal Year	Trips	Rental Days	Miles Driven	Average Rental Cost Per Mile	Standard Mileage Reimbursement Rate	Savings Per Mile	Total Estimated Savings
2004	1,386	3,077	481,722	\$.250	\$.33	\$.08	\$38,537
2005	2,972	6,612	1,042,712	\$.252	\$.345	\$.093	\$96,972
2006	4,387	9,396	1,535,733	\$.237	\$.375	\$.124	\$219,517
Total Contract Savings to Date							\$355,026

Implementation of new rental services contract

OA awarded the rental services contract to Enterprise Rent-A-Car in November 2006. The contract provides a cost effective travel alternative to mileage reimbursement. Enterprise offers various passenger type vehicles for state employee use on official business. New contract features include:

- Simplified pricing structure
- Broader definition of in-state rental to include travel within the boundaries of Missouri, Kansas and Illinois for rentals that originate within the boundaries of the state of Missouri
- New early Monday morning hours at the Jefferson City branch location
- New 'Month-or-More' Program, which provides a discount for multi-month rentals
- Cargo vans now on contract

2006 ACCOMPLISHMENTS

State Fleet Information System upgraded

The Office of Administration developed a web-based information system to track state vehicle data in 2003. The system was upgraded in 2004 and again in August 2006. This most recent upgrade included major enhancements to improve the management of the state vehicle fleet. New functionality was concentrated in two major areas: vehicle maintenance and repair and validation of employee driver's licenses.

A new Vehicle Maintenance module was added to the State Fleet Information System to be utilized by staff at the OA Vehicle Maintenance Facility. This change eliminated redundancy of maintaining vehicle data in two different systems and provided additional functionality for OA Vehicle Maintenance staff as well as state agency customers. The key features of the new Vehicle Maintenance module include:

- Online work order and scheduling functionality, including email notifications to agencies when work is scheduled
- Automated billing and payment processing for OA Vehicle Maintenance to reduce duplication of effort and eliminate manual processes
- Mechanism to track vehicle and parts warranty information to avoid unnecessary expenditures
- Preventative maintenance reminders emailed to state agencies
- Printable web pages to display vehicle maintenance history for state vehicles



A new State Driver's License module was also added to the State Fleet Information System to ensure that individuals identified as drivers of state vehicles have a valid driver's license. This new functionality allows state agencies to add employees as drivers. The system then compares employees in the fleet system during a nightly interface with the Department of Revenue's Missouri Driver's License System. If the status of an employee's driver's license changes, an email is sent to the designated agency contact person displaying the relevant information so appropriate action can be taken. Other features of the new Driver's module include:

- New driver incident database to capture state driver accident and complaint history
- New tracking mechanism to capture miles driven per employee for each fiscal year



2006 ACCOMPLISHMENTS

Established Master Lease Financing Program

The State Fleet Management Program has been a strong advocate of a tax-exempt, Master Lease Financing Program for the State of Missouri. A 2005 survey of agencies outstanding lease obligations revealed that on average, the state was financing equipment at approximately 8 percent. In 2005, the State Fleet Management Program researched other states best practices and found that numerous AAA bond rated states and other public entities utilize tax-exempt financing as a cost effective financing strategy. This information was presented to the Commissioner of Administration and permission was granted to issue a Request for Proposal for a Master Lease Services Contract.

Master lease financing provides a viable option to finance the replacement of the state fleet while also providing benefits for all state agencies that need to lease-purchase equipment. This financing mechanism allows the state to take advantage of all agencies' combined purchasing power to obtain low, tax-exempt rates. Master lease financing is not considered debt and is subject to annual appropriation. Equipment financed remains the property of the state at end of lease term.

Master Lease Contract generates interest savings of over 4 percentage points.

In August 2006, the Master Lease Services contract was awarded to Banc of America, L.L.C. in coordination with Office of Administration Divisions of Purchasing and Accounting. At the end of 2006, 5-year term contract rates were approximately 3.5 percent, a savings of over four percentage points from the average rates state agencies were paying in 2005. Agencies are able to refinance existing lease obligations at this lower rate.

Benefits of the Master Lease Program include:

- Low tax-exempt rates, inclusive of all costs
- Simplification of the purchasing process for equipment contracts
- Equipment is the property of the state and remains its property after the final payment is made
- Not considered debt
- Flexible terms, 2 – 10 years

2006 ACCOMPLISHMENTS

Smart Lease Vehicle Program

State Fleet Management began implementation of the Smart Lease Vehicle Program in 2006 to generate immediate cost savings in agency operating budgets by transferring business miles for certain employees from mileage reimbursement to a lower cost, lease-purchased vehicle. The Master Lease Financing contract discussed in the previous page is utilized to lease-purchase a vehicle. Agencies save money by directing existing operating core appropriations to pay the capital lease and operating costs of the Smart Lease vehicle rather than pay mileage reimbursement.

Agencies own and retain the vehicle at the end of the lease. Agencies will save an estimated \$.16 per mile for FY'07 and \$.19 per mile for FY'08 compared to mileage reimbursement.

Agencies have identified those employees receiving mileage reimbursement in excess of 15,000 miles annually. The Smart Lease Vehicle Program requires agencies to enter into written agreements with the Office of Administration to consent to the following:

- Transfer the number of employee business miles listed in the agreement to the Smart Lease Vehicle
- Monitor utilization of vehicles to ensure minimum policy requirements set forth in the State Vehicle Policy are met

Smart Lease Vehicle Program generates significant reduction in mileage reimbursement expenditures.

The following illustration demonstrates the savings potential with the Smart Lease Vehicle Program. The state's cost to own and operate a Smart Lease Vehicle is approximately \$.258 per mile as opposed to \$.415 per mile for standard mileage reimbursement for FY'07. Savings will be even more dramatic in FY'08 as the standard reimbursement rate will increase by four cents to \$.455 per mile.



2006 ACCOMPLISHMENTS

State Vehicle Policy Changes

State Fleet Management has proposed changes to the State Vehicle Policy (SP-4) to further enhance the management of the state vehicle fleet and address recommendations from the Office of the State Auditor. Proposed changes include areas relating to the preapproval of state vehicles, fueling requirements and state employee driver's license validation.

SP-4 currently requires state agencies to obtain preapproval for vehicle purchases, and the policy will be enhanced with the following new preapproval requirements.

- Additional justification will be required for all SUVs, four wheel drive pickups, full size sedans and police-equipped vehicles not operated by POST certified officers.
- Vehicles with a Gross Vehicle Weight Rating in excess of 10,000 pounds must be preapproved by the State Fleet Manager. This requirement was originally 8,500 pounds.
- Agencies must evaluate the cost effectiveness and suitability of previously owned vehicles before purchasing new vehicles.

A new policy section relating to the refueling of state vehicles will be added. The key components of the refueling policy include:

- Prohibits fueling at full service stations
- Prohibits purchase of premium blends of gasoline
- Requires use of 10% ethanol blended fuels when available and competitively priced
- Requires alternative fuel capable vehicles to use alternative fuel when available and competitively priced

The policy revisions will also create a new Liability and Accident Reporting Procedures section to formalize current procedures as well as a new State Vehicle Driver Qualifications section requiring agencies to ensure their employees have a valid driver's license prior to operating a state vehicle.

2006 ACCOMPLISHMENTS

Completed fleet condition assessment and proposed fleet financing options

The State Fleet Management Program presented the condition of the state fleet to Office of Administration, Division of Budget and Planning in August 2006. Fleet replacement needs and financing options were also presented. The condition of the General Revenue Fund passenger vehicle fleet was highlighted in the report. Finance options for the replacement of the fleet were also presented. For more information on the condition of the vehicle fleet go to page 22.

Discontinued use of “Non-Fleet” contract saving thousands of dollars in vehicle acquisition costs

Each year, the State of Missouri competitively bids and awards statewide vehicle contracts to obtain the best pricing possible. This practice allows the state to take advantage of fleet incentives from the auto manufacturer’s typically ranging from \$2,000 - \$4,000 per vehicle. Contracts are awarded in the fall and agencies can order vehicles up through the manufacturer’s cutoff dates which typically range from February through April.

In 2006, OA did not renew the “Non-Fleet” vehicle contract which had been in place for several years. Agencies typically used this contract to purchase vehicles after the vehicle order cutoff date had passed. This “Non-Fleet” contract provided discounted pricing at a percentage off dealer invoice for vehicles on the dealer’s lot. Even with the discount the state spent thousands more per vehicle than the state contract price. While the “Non-Fleet” contract filled a need for unexpected vehicle purchases during the summer months, the increased cost of using the contract was not in the best interest of the taxpayers of the State of Missouri.

Modified state vehicle contracts to include rollover option

State Fleet Management, in conjunction with the Division of Purchasing, modified the state vehicle contracts to include a rollover option beginning with the 2007 model year contracts. This new feature will allow agencies to order 2008 model year vehicles at the 2007 model year contract price. This change will extend the period of time agencies have to purchase vehicles from state contract and take advantage of the generous fleet incentives offered by the auto manufactures. The Division of Purchasing will continue to competitively bid vehicle contracts on an annual basis.

2006 ACCOMPLISHMENTS

Use of Missouri Department of Transportation bulk fueling sites

Most state agencies are dependent upon commercial fueling stations. MoDOT has over 300 bulk fueling locations around the state where MoDOT and Highway Patrol vehicles are primarily fueled. State Fleet Management and MoDOT have entered into preliminary discussions regarding other state agencies use of MoDOT's bulk fueling sites.

MoDOT is in the process of automating their facilities to accept the Voyager fleet fuel card which is used by all state agencies at commercial fueling stations. MoDOT plans to automate approximately 130 sites in 2007 and ultimately 300 sites statewide. State Fleet Management will continue to explore opportunities to reduce the cost of fuel through use of state owned facilities, particularly those owned by MoDOT.

2007 PROGRAM GOALS

In 2007, the State Fleet Management Program will explore several options to further improve the efficiency of the state fleet. Below are the fleet management goals for 2007:

1. Continue implementation of the Smart Lease Vehicle Program

State Fleet Management will continue to analyze agency mileage reimbursement expenditures and identify employees reimbursed in excess of the established breakeven point where it is more cost effective to utilize a state vehicle.

2. Issue revised State Vehicle Policy

As discussed on page 11, an enhanced State Vehicle Policy (SP-4) is under consideration. Subject to review, the revised state vehicle policy should be issued in the spring of 2007.

3. Award statewide contract for preventative maintenance services

State Fleet Management will begin a cost savings initiative designed to offer standard preventative maintenance services such as oil changes and tire rotations on a state contract for vehicles stationed outside of the Jefferson City area.

4. Further enhancement of State Fleet Information System

State Fleet Management will explore options to enhance the functionality of the State Fleet Information System in 2007. A pool scheduling system is being researched as well as an automated import of Voyager fleet fuel card data which would improve the accuracy of vehicle fuel costs as well as eliminate the need for data entry by agencies.

5. Continue to access the condition of the fleet and propose fleet financing options

The State Fleet Management Program will continue to monitor and report the condition of the state vehicle fleet to policymakers.

6. Explore options for consolidation of Jefferson City Carpool

According to data from the State Fleet Information System, there are approximately 420 carpool vehicles located in the Jefferson City area. Consolidation of those vehicles into one or more centrally managed pools may offer increased efficiencies. Locations for a centralized pool are currently being explored and a pool scheduling system as mentioned in the State Fleet Information System enhancements above would be absolutely critical to handle the volume of employee business travel that would be directed through a centralized pool.

FLEET REPLACEMENT NEEDS

CONDITION OF THE STATE VEHICLE FLEET

If the level of employee business travel remains the same, it is critical to control overall expenditures by ensuring that state employees are directed to the lowest cost travel option, which is most often state vehicles. This section of the report contains data on the current condition of the fleet, current estimated value of the fleet and financing options.

The State Fleet Information System contains licensed vehicle data for approximately 3,994¹ state vehicles owned by every agency except the Missouri State Highway Patrol and the Departments of Conservation and Transportation. Vehicle acquisition data including the original funding source is captured to help facilitate replacement planning. Data has been divided by funding source (GR or Other) and by two main vehicle categories (passenger and medium/heavy duty). The current and projected condition of both the passenger and medium/heavy duty fleet are presented in the following pages. The table below illustrates the number of vehicles by funding source and vehicle category in the State Fleet Information System.

Vehicle Count by Fund			
Vehicle Category	GR	Other	All Funds
Passenger	1,571	1,436	3,007
Medium - Heavy Duty	565	422	987
Total	2,136	1,858	3,994

Passenger Vehicles

The passenger fleet is defined as sedans, light duty trucks, station wagons, SUVs and passenger vans that are subject to a 120,000-mile minimum replacement criterion established by State Vehicle Policy (SP-4). Passenger vehicles have a gross vehicle weight rating of less than 8,500 lbs. Agencies must seek preapproval from the State Fleet Manager to purchase passenger vehicles with the exception of those operated by POST certified law enforcement officers.

Condition of the Passenger Vehicle Fleet

Excluding the Missouri Department of Transportation, Conservation and the Missouri State Highway Patrol, the state fleet contains approximately 3,007 *passenger*² type vehicles. General Revenue funded vehicles on average are 1.8 years older and have been driven 18,700 more miles than vehicles purchased by other funds.

¹ Data prepared in August 2006.

² Passenger vehicles are defined as light duty sedans, pickups, vans and sport utility vehicles with a gross vehicle weight rating less than 8,500 lbs.

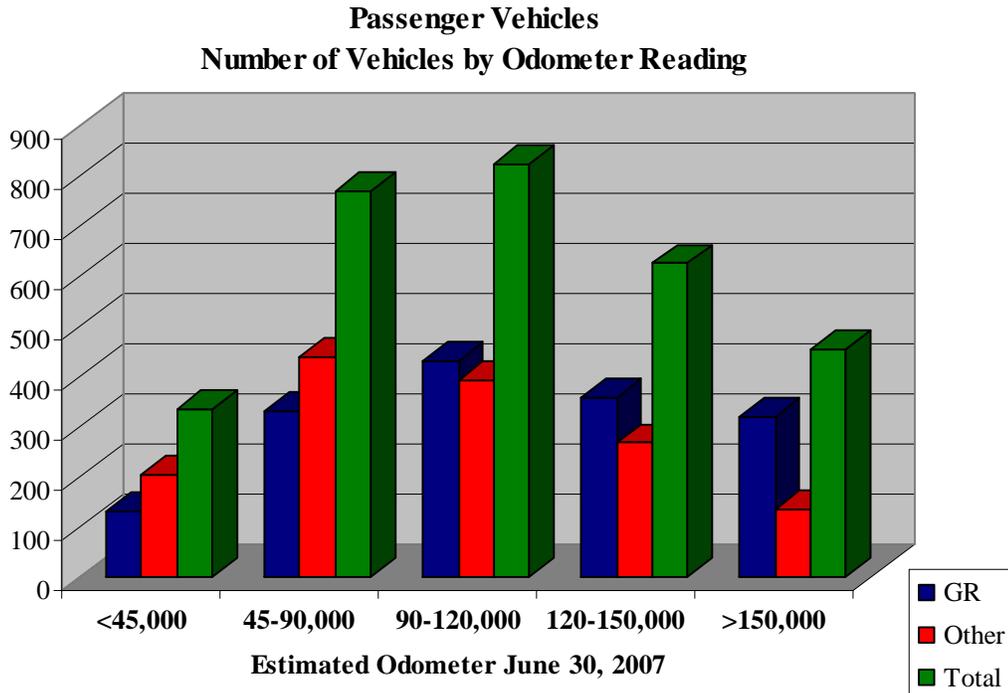
FLEET REPLACEMENT NEEDS

CONDITION OF THE STATE VEHICLE FLEET

The average age and odometer readings of passenger vehicles by funding source are illustrated below and are reflective of the actual or projected condition of the fleet at the end of each fiscal year. FY'07 – FY'10 estimates were calculated based on the assumption that no further vehicle replacements would take place and vehicles would be utilized to the same degree as in FY'06.

Passenger Vehicles Average Odometer and Age by Funding Source						
Fiscal Year	Odometer			Age (in years)		
	GR	Other	All Funds	GR	Other	All Funds
FY'06	99,311	80,590	90,371	8.7	6.9	7.8
FY'07	111,788	93,724	103,161	9.7	7.9	8.8
FY'08	124,264	106,858	115,952	10.7	8.9	9.8
FY'09	136,741	119,992	128,743	11.7	9.9	10.8
FY'10	149,218	133,126	141,533	12.7	10.9	11.8

The chart below illustrates the estimated number of passenger vehicles (all funds) at various mileage ranges at the end of FY'07.



FLEET REPLACEMENT NEEDS

CONDITION OF THE STATE VEHICLE FLEET

Passenger Fleet Condition by Agency – General Revenue Fund

The following table illustrates the GR funded passenger vehicle fleet condition estimates for FY'08 by agency. The table is sorted in descending order by the number of vehicles that meet or exceed the minimum replacement criteria of 120,000 miles. The average age and odometer illustrated below are only for the vehicles that will meet or exceed the minimum replacement criteria (not the entire fleet).

FY 08 Estimates for Vehicles that Meet or Exceed 120,000 Miles					
Agency	GR Passenger Vehicle Count	# Vehicles that Meet or Exceed Minimum Replacement Criteria	% of GR Fleet Eligible for Replacement	Eligible Vehicle Average Age	Eligible Vehicle Average Odometer
Mental Health	488	261	53.5%	12.3	157,133
Corrections	521	286	54.9%	10.5	160,687
Public Safety	173	81	46.8%	10.5	159,030
Social Services	116	84	72.4%	11.7	169,838
Agriculture	112	81	72.3%	10.5	165,284
Health & Senior Services	47	15	31.9%	10.3	138,141
Revenue	35	17	48.6%	9.7	156,307
Elementary & Secondary Education	25	17	68.0%	11.9	156,866
Office of Administration	13	5	38.5%	10.4	163,640
Attorney General	19	9	47.4%	6.1	133,600
Secretary of State	10	6	60.0%	9.5	135,941
Economic Development	2	0	0.0%	0	
State Auditor	3	2	66.7%	8.5	144,168
Natural Resources	2	1	50.0%	13	133,815
State Treasurer	1	0	0.0%		
Governor	2	0	0.0%		
Higher Education	1	0	0.0%		
Lt. Governor	1	1	100.0%	4.0	127,009
State	1,571	866	55.1%	11.1	159,683

FLEET REPLACEMENT NEEDS CONDITION OF THE STATE VEHICLE FLEET

Passenger Vehicle Replacement Needs – All Funds

By the end of FY'07, 36% of the passenger fleet will exceed the 120,000-mile replacement threshold. If this trend continues, over 48% of the passenger fleet will exceed 120,000 miles by the end of FY'08 as presented in the following table.³ The current average odometer reading of vehicles disposed of through State Surplus Property is 135,000 miles.

	# Vehicles Over 120,000 Miles	% of Passenger Fleet Over 120,000 Miles
By End of FY'07	1,080	36%
By End of FY'08	1,452	48%
By End of FY'09	1,754	58%
By End of FY'10	1,977	66%

Medium/Heavy Duty Vehicles

Vehicles that are considered to be medium/heavy duty are not subject to the same minimum replacement criteria as passenger vehicles. Agencies are not required to seek preapproval from the State Fleet Manager for vehicles in excess of 8,500 lbs. It is difficult for the State Fleet Management Program to estimate the condition or replacement needs of the medium/heavy duty fleet as their normal replacement cycles vary widely and are primarily dependent upon the function of the vehicle. Data on medium/heavy duty vehicles is included in this document to educate policy makers that there are likely replacement needs for medium/heavy duty vehicles but State Fleet Management must defer replacement recommendations for these vehicles to state agencies. The condition of the medium/heavy duty vehicle fleet is illustrated below.

Medium/Heavy Duty Vehicles Average Odometer and Age by Funding Source						
Fiscal Year	Odometer			Age (in years)		
	GR	Other	All Funds	GR	Other	All Funds
FY'06	62,942	73,393	67,410	10.9	8.9	10.1
FY'07	68,770	81,735	74,313	11.9	9.9	11.1
FY'08	74,597	90,077	81,216	12.9	10.9	12.1
FY'09	80,425	98,420	88,118	13.9	11.9	13.1
FY'10	86,252	106,762	95,021	14.9	12.9	14.4

³ Assuming utilization levels are consistent with actual FY'06 usage.

FLEET REPLACEMENT VALUE

FY'08 Fleet Replacement Value

The FY'08 estimated replacement value for all vehicles in the State Fleet Information System is illustrated below by funding source. Passenger vehicle replacement values were based on 2006 model year state contract pricing, plus an annual inflator of 3%. These estimates are fairly reliable, as vehicle pricing in recent years have remained relatively stable.

Medium and heavy-duty replacement values were based on actual original acquisition cost in the State Fleet Information System plus an annual inflator of 3%. These replacement values could be extremely understated given the current average age of 11 years for the existing medium/heavy duty fleet. At this time, there is no reliable mechanism to estimate replacement costs of the medium/heavy duty fleet.

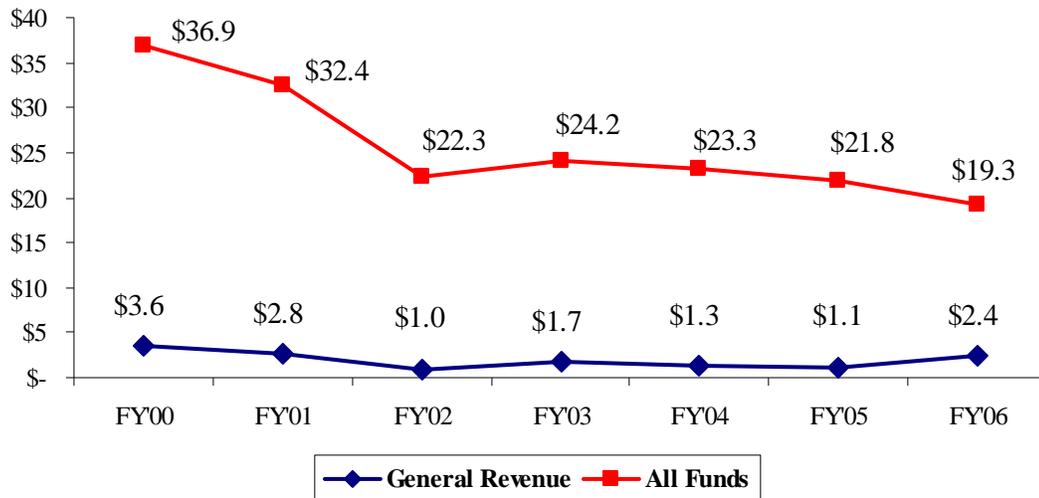
Vehicle Type	GR	Other	Total
Passenger	\$24.5 M	\$22.4 M	\$46.9 M
Medium-Heavy Duty	\$16.2 M	\$13.4 M	\$29.6 M
Total	\$40.7 M	\$35.8 M	\$76.5 M

PRIOR YEAR VEHICLE PURCHASES

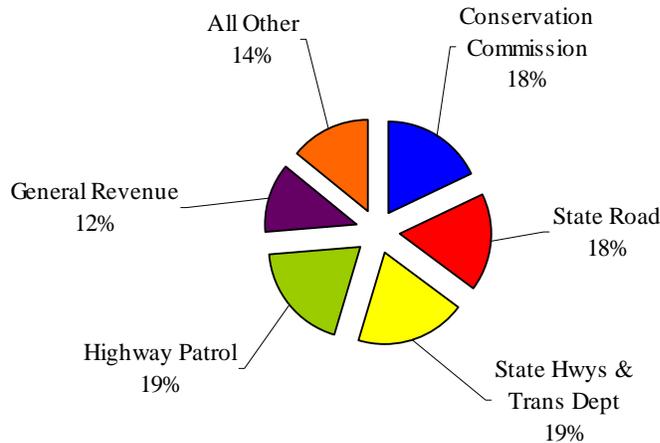
Vehicle Replacement Data

Ideally, the state should replace 12 – 14% of the fleet each year (7 - 8 year replacement cycle) to avoid large fluctuations in upfront capital required for fleet replacement. Agencies replaced approximately 12% of the vehicle fleet annually between 1995 and 2001. In the past few years, only 3 - 5% percent of the vehicle fleet was replaced annually with new vehicles. The charts below illustrate vehicle purchases by funding source from the SAM II Financial System.

Vehicle Purchases FY'00 - FY'06
(in millions)



FY'06 Vehicle Purchases by Fund



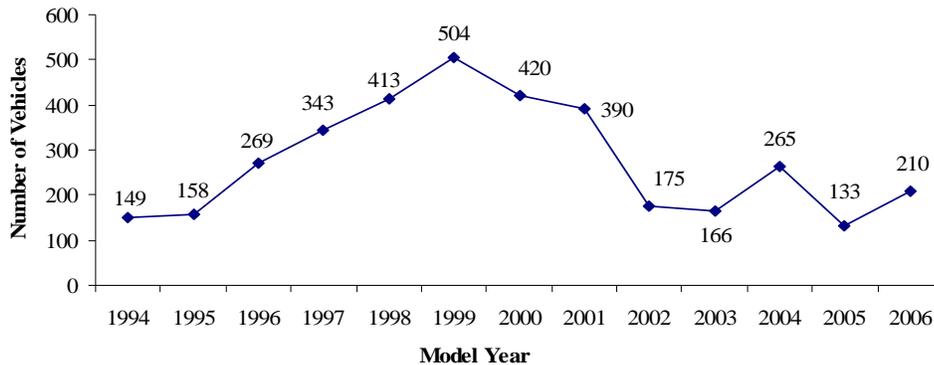
PRIOR YEAR VEHICLE PURCHASES

FY'06 vehicle purchases by agency are listed below based on data from the SAM II Financial System.

FY'06 Vehicle Purchases by Agency All Funds		
Agency Name	FY'06	% of Total
Public Safety	\$8,405,207	43.5%
Transportation	\$3,421,210	17.7%
Conservation	\$3,415,963	17.7%
Natural Resources	\$809,111	4.2%
Social Services	\$493,416	2.6%
Elementary & Secondary Education	\$458,350	2.4%
Agriculture	\$200,759	1.0%
Revenue	\$189,536	1.00%
Heath & Senior Services	\$133,810	0.7%
Judiciary	\$122,960	0.6%
Office of Administration	\$122,100	0.6%
Mental Health	\$114,942	0.6%
Attorney General	\$75,768	0.4%
Economic Development	\$54,961	0.3%
Secretary of State	\$39,450	0.2%
Lt. Governor	\$6,000	0.0%
Corrections	\$1,254,424	6.5%
TOTAL	\$19,317,967	

The number of vehicles purchased by model year for vehicles maintained in the State Fleet Information System is illustrated below. This excludes the Departments of Transportation, Conservation and the Missouri State Highway Patrol.

**Number of Vehicles by Model Year
(State Fleet Information System only)**



FLEET FINANCING OPTIONS

State Fleet Management annually reports the condition of the state vehicle fleet and potential financing options to OA/Budget and Planning. State Fleet Management has researched the costs and benefits of the following fleet financing options:

- State Ownership
- Master Lease Financing
- Closed End Leases
- Short Term Rentals
- Mileage Reimbursement

State Ownership Is the Least Costly Acquisition Option

Research conducted by State Fleet Management indicates state vehicle ownership is the least costly option at approximately \$.245 per mile to own and operate a typical mid size state-owned sedan. The state could procure vehicles through a tax-exempt, lease purchase option for approximately \$.258 per mile and own the vehicle after the end of the lease. Conventional leases may cost as much as \$.37 per mile for a similar vehicle and this option leaves the state agency without a viable asset after the lease expires. Mileage reimbursement is the most costly option at \$.415 per mile.

Financing Option	Cost Per Mile
State Vehicle	\$.245
Tax Exempt Lease ⁴	\$.258
Conventional Lease ⁵	\$.37
Mileage Reimbursement (FY'07)	\$.415

Master Lease Financing

The statewide Master Lease contract was awarded in 2006 and will allow the state to fund essential equipment purchases at tax-exempt rates. For more information on the Master Lease Services Contact please refer to page nine. Master Lease financing offers a viable option to replace the aging state fleet.

⁴ Based on the State's cost per mile plus interest quoted from Bank of America in October 2005 on a five year lease purchase of a mid size sedan.

⁵ Based on a 2005 quote from Enterprise on a 4 year lease for a mid size sedan with a 15,000 mile per year allowance.

FLEET FINANCING OPTIONS

Closed End Leases

State Fleet Management estimates the cost for a closed end lease at approximately \$.37 per mile based on a recent quote from Enterprise for a 15,000 mile per year, 48 month term lease for a mid size sedan.

Closed end leasing is less expensive than the upcoming FY'08 state mileage reimbursement rate of \$.455 per mile but far more costly than the Master Lease option or state ownership.

Short Term Rentals

In 2006, the state awarded a new rental services contract to Enterprise Rent-a-Car that offers fixed daily and weekly rates with unlimited miles for daily in-state trips. Short term daily rentals are more cost effective than mileage reimbursement in most circumstances, depending on the number of rental days and round trip miles. The use of the rental services contract is increasing and provides a much lower cost option than employee personal mileage reimbursement.

Mileage Reimbursement

It is in the state's best interest to take a proactive approach in managing mileage reimbursement expenditures. In FY'06, a total of \$14,174,323⁶ was expended for employee mileage reimbursement, which accounts for approximately 25% of the total business miles driven by state employees. Mileage reimbursement is the most costly per mile travel option and therefore state agencies should direct as many business miles as possible to state vehicles or short-term rentals. State Fleet Management will continue efforts to promote the *Trip Optimizer* and the Smart Lease Vehicle Program to reduce mileage reimbursement expenses. Additionally, in 2006, the new State Vehicular Travel Policy (SP-12) was issued discouraging the use of personal mileage reimbursement.

⁶ The Commissioner of Administration establishes state mileage reimbursement rates annually effective on July 1 of each year pursuant to Section 33.095 RSMo. 1 CSR 10-11.010 states: "The State mileage allowance rate represents full compensation for the cost of operating your vehicle."

STATE FLEET DATA

LICENSED VEHICLES PER AGENCY

In December 2006, the state owned approximately 10,911 licensed motor vehicles.⁷ The largest owners of state vehicles are the Departments of Transportation, Public Safety and Conservation. Combined, these three agencies own and operate about 65% of the state's licensed motor vehicles. The following table details the number of reported vehicles by agency as of December 2005 and December 2006.

Number of Licensed Vehicles			
Agency	December 2005	December 2006	Change
Agriculture	258	254	(4)
Attorney General	32	32	0
Auditor	4	3	(1)
Conservation	1,259	1,263	4
Corrections	800	819	19
Economic Development	104	100	(4)
Elementary & Secondary Education	142	144	2
Governor's Office	1	1	0
Health & Senior Services	98	100	2
Higher Education	12	12	0
Insurance	4	4	0
Labor & Industrial Relations	30	28	(2)
Lottery	65	65	0
Mental Health	655	643	(12)
Natural Resources	723	721	(2)
Office of Administration ⁸	107	123	16
OSCA	29	29	0
Public Safety	1,528	1,541	13
Revenue	45	43	(2)
Secretary of State	13	12	(1)
Social Services	348	344	(4)
State Tax Commission	22	22	0
Transportation	4,582	4,606	24
Treasurer	2	2	0
TOTAL	10,863	10,911	48

⁷ This data does not include vehicles owned by other entities within the Judiciary, General Assembly and an estimated 2,456 vehicles from the state colleges and universities and licensed trailers.

⁸ Fleet increase in 2006 due to consolidation of two agency pools into the OA carpool.

STATE FLEET DATA

EMPLOYEES PER VEHICLE

One measure of the state fleet's efficiency is the number of employees per vehicle. In FY'06 there were 5.38 employees per vehicle, which was a slight change from 5.51 in FY'05. The table below represents the number of employees per vehicle by agency. A higher number indicates relatively **fewer** vehicles for the agency compared to its employee count.

Missouri State Agencies FY'06 Employees per Vehicle	
Legislature	728.00
Insurance	49.25
State Auditor	43.33
Labor & Industrial Relations	33.83
Governor's Office	33.00
State Treasurer	26.00
Social Services	24.87
Secretary of State	23.25
Health	19.33
Elementary & Secondary Education	17.21
Economic Development	15.52
Mental Health	15.24
Attorney General's Office	14.78
Corrections	13.69
Revenue	12.61
Office of Administration	9.50
Public Safety	8.72
Lt Governor's Office	7.00
OSCA	6.74
Higher Education	5.42
Natural Resources	2.90
Agriculture	2.36
Conservation	1.77
Highway Patrol	1.69
Transportation	1.56
State Average	5.38

STATE FLEET DATA

TOTAL BUSINESS MILES

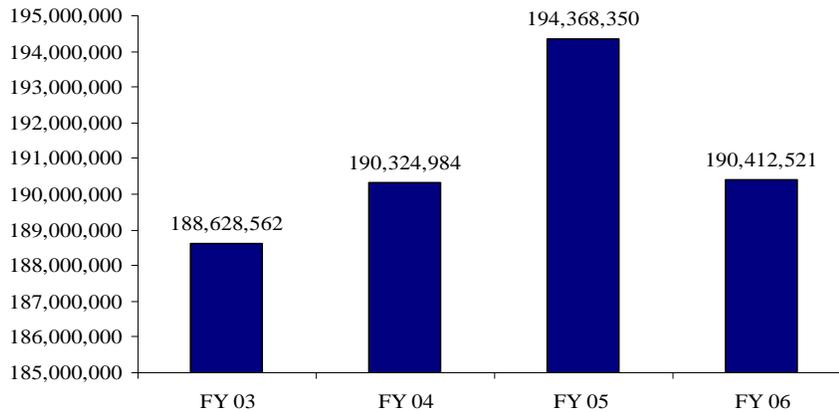
The total miles driven measurement reflects the total estimated business miles traveled on official state business in licensed vehicles. This data includes business miles collected from the following data sources:

- State Fleet Information System
- Self-reported data from MoDOT, Conservation, and MSHP
- Estimated miles reimbursed for personally owned vehicles⁹
- Rental vehicle miles reported by Enterprise Rent-a-Car

FY'06 total business miles decreased 2.0%. This decrease could be attributed to agency use of lower cost travel options as well as the implementation of the State Vehicular Travel Policy (SP-12) on April 26, 2006.

State vehicle and rental vehicle miles increased in FY'06 while miles reimbursed to employees decreased. Approximately 25% of the total miles are personal mileage reimbursement.

Total Business Miles Driven By Fiscal Year



Business Miles Driven by Travel Option				
Travel Option	FY 03	FY 04	FY 05	FY 06
State Vehicles	145,319,315	149,439,637	149,627,062	151,025,722
Rentals	0	0	1,042,712	1,588,604
Mileage Reimbursement	43,309,247	40,885,347	43,698,576	37,798,195
TOTAL	188,628,562	190,324,984	194,368,350	190,412,521

⁹ Calculated by taking total instate and outstate mileage reimbursement expenditures for state employees only divided by the standard mileage reimbursement rate issued by OA Accounting.

STATE FLEET DATA

TOTAL BUSINESS MILES

Business Miles Driven by Agency

Agency	FY'04	FY'05	FY '06
State Treasurer	23,030	11,643	18,555
Governor	17,205	15,211	23,406
Lt. Governor	20,604	21,175	48,354
Higher Education	148,452	179,293	154,749
Secretary of State	319,571	304,799	281,130
Insurance	422,795	416,423	372,618
State Auditor	485,633	463,249	376,362
Attorney General	1,115,079	1,209,811	1,440,789
Labor & Industrial Relations	1,292,097	1,268,639	1,058,266
Office of Administration	1,145,873	1,297,643	1,547,090
Legislature	1,751,966	1,829,205	930,427
Office of the State Courts Administrator	1,883,438	2,102,981	1,919,552
Public Defender	2,065,777	2,387,191	2,336,730
Elementary & Secondary Education	3,194,959	3,376,781	3,180,017
Revenue	3,792,246	3,643,188	3,078,401
Agriculture	3,743,716	3,876,752	3,754,651
Economic Development	4,247,389	4,461,067	4,229,595
Health & Senior Services	5,841,540	6,055,027	6,241,055
Mental Health	7,647,167	7,790,864	7,000,648
Natural Resources	8,330,318	8,429,928	8,256,842
Corrections	15,043,568	15,017,671	14,236,396
Conservation	17,845,041	17,012,064	18,956,090
Social Services	18,400,162	20,133,006	18,970,131
Public Safety	29,939,537	30,156,350	30,284,555
Transportation	61,607,820	61,865,676	61,716,108
TOTAL	190,324,984	193,325,638	190,412,518

STATE FLEET DATA

STATE VEHICLE USE

State vehicles are utilized for a variety of functions. Each agency has outlined the purpose of its fleet in their agency fleet descriptions located at the end of the report. The State Fleet Information System classifies approximately 3,729¹⁰ vehicles according to their assignment (pool, function or individual) and purpose (client transportation, employee transportation, special purpose or task specific).¹¹ The tables

Primary Assignment	Vehicle Count	% of Vehicles	Average Miles Driven	% of Miles Driven
Pool	795	21%	16,982	29%
Function	2,457	66%	9,815	52%
Individual	497	13%	17,891	19%

on this page illustrate the various classifications of vehicle assignments along with the associated miles driven per assignment.

Primary Purpose	Vehicle Count	% of Vehicles	Average Miles Driven	% of Miles Driven
Client Transportation	500	13%	10,504	11%
Employee Transportation	1,058	28%	17,861	41%
Special Purpose	1,037	28%	11,351	25%
Task Specific	1,154	31%	9,174	23%

Examples of state vehicle use are displayed below.

Examples of State Vehicle Use

- | | |
|--------------------------------------|--|
| Law Enforcement | Meat & Grain Inspections |
| Caseworkers | Mail Delivery |
| Child Abuse & Neglect Investigations | Nursing Home Inspections |
| Mental Health Client Transportation | Employee Transportation |
| Emergency Response | Parks Maintenance |
| Facility Support | Inmate Transportation |
| Road Maintenance & Construction | Environmental Investigations & Enforcement |

¹⁰ As of October 2006.

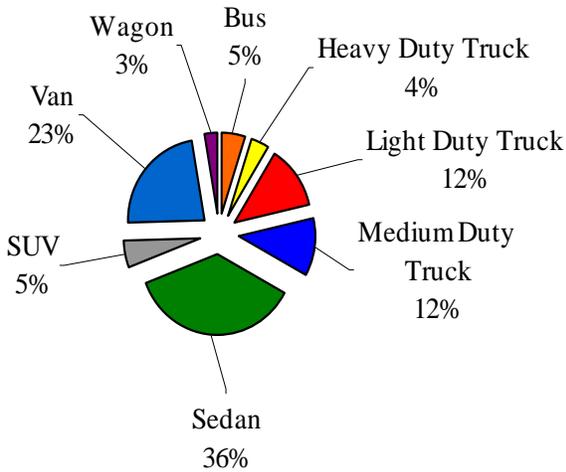
¹¹ Data from the Departments of Transportation, Conservation and the Missouri State Highway Patrol are excluded from this analysis.

STATE FLEET DATA

STATE FLEET COMPOSITION

The chart below illustrates the breakdown of licensed vehicles in the state fleet. The data excludes the Departments of Transportation, Conservation and the Missouri State Highway Patrol.

FY'06 State Vehicles by Category

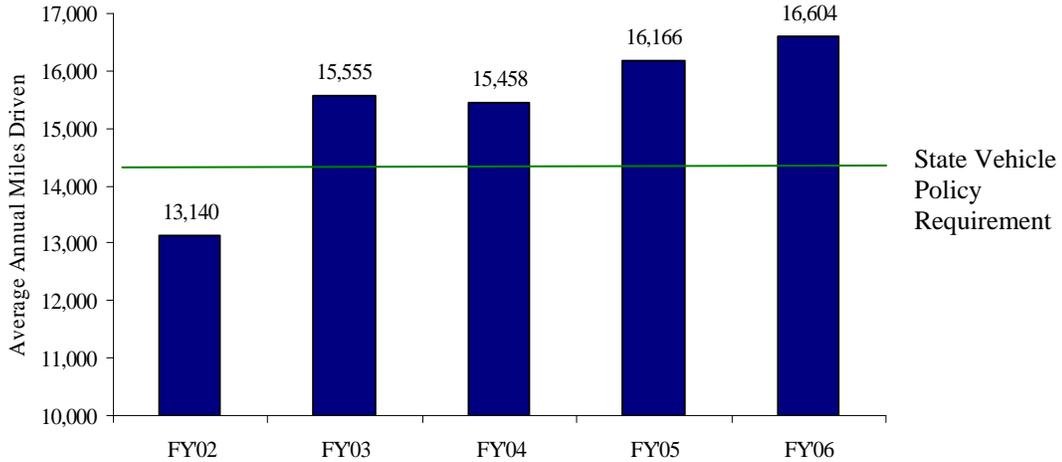


STATE FLEET DATA

POOL VEHICLE UTILIZATION

The State Vehicle Policy requires an average of 15,000 annual miles for vehicles assigned to pools. Approximately 21% of the vehicles in the state fleet are assigned to a pool. Pool vehicles are general use vehicles available for temporary assignment to multiple individuals. State Fleet Management continues to encourage the use of pool vehicles to maximize the utilization of state vehicles. The following chart represents the continued increase in the state vehicle pool average since the inception of the State Fleet Management Program in 2002. Individual agency average pool utilization for FY'06 is illustrated in the table at the bottom of the page.

Pool Vehicle Utilization - State Average by Fiscal Year



FY'06 Average Pool Utilization by Agency			
Agriculture	15,257	Mental Health	14,326
Attorney General	23,838	Natural Resources	16,630
Conservation	15,929	Office of Administration	23,800
Corrections	17,749	OSCA	14,691
Economic Development	17,648	Public Safety (except MSHP)	29,343
Elementary & Secondary Ed	17,230	Revenue	22,066
Health	18,079	Secretary of State	11,142
Higher Education	19,069	Social Services	15,171
Highway Patrol	18,178	State Auditor	18,133
Insurance	10,115	State Treasurer	4,370
Labor & Industrial Relations	17,994	Transportation	15,923
STATE AVERAGE			16,604

STATE FLEET DATA

COST PER MILE

One key measure necessary to monitor fleet cost is the total cost per mile. Tracking the cost to own and operate state vehicles is essential to making informed decisions regarding the state fleet. The cost to own and operate a non specially equipped mid size sedan in the state fleet was approximately \$.245 per mile in FY'06, which is the lowest cost of any fleet financing option discussed on page 22. State Fleet Management has researched other state's cost per mile to own and operate a sedan and found our cost to be comparable with other states.

The cost per mile for mid and full size sedans is illustrated below.

	FY'06 COST PER MILE SEDANS	
	Mid Size	Full Size
Depreciation	.077	.093
Insurance/Fleet Fee	.011	.011
Fuel	.091	.110
Administration	.020	.020
Maintenance & Repair	.046	.036
Total	.245	.256

The below table illustrates the total cost per mile for some of the most common vehicle categories in the State Fleet information System sorted from lowest cost to highest cost per mile.

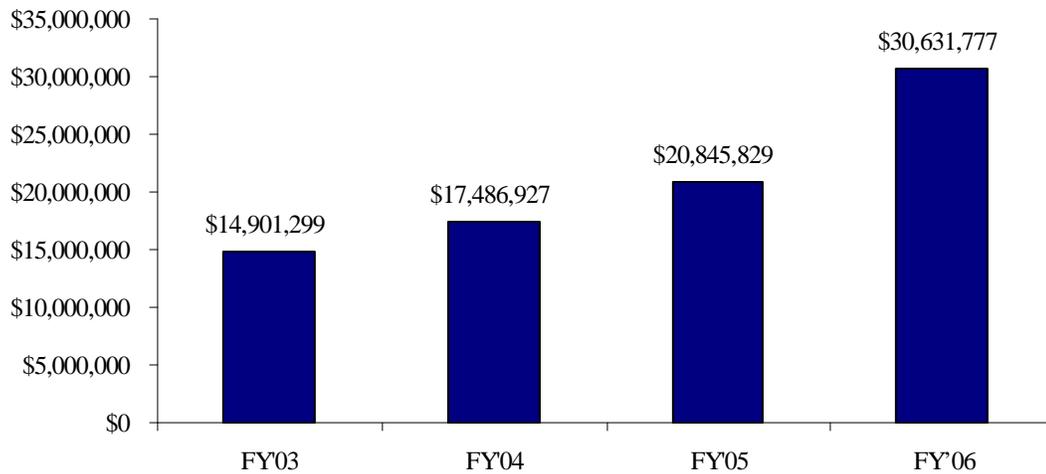
Vehicle Category	Total CPM
Mid Size Sedan	0.245
Full Size Sedan	0.256
Light Duty Truck, Small	0.295
Police Sedan	0.303
Minivan	0.306
Light Duty Truck, 1/2 ton	0.337
Mid Size SUV	0.339
Full Size Van	0.399

STATE FLEET DATA

FUEL EXPENDITURES

In FY'06, state agencies reported an increase in the cost of fuel of 47% over FY'05. These increases are largely attributed to the aftermath of Hurricane Katrina that shut down oil production and refineries throughout the Gulf of Mexico. When comparing FY'06 expenditures to FY'04, fuel increased 95% over the two year period. MoDOT experienced the highest percentage increase of all agencies. Fuel expenditures for *licensed vehicles only* are illustrated in the chart and table below.

Fuel Expenditures by Fiscal Year

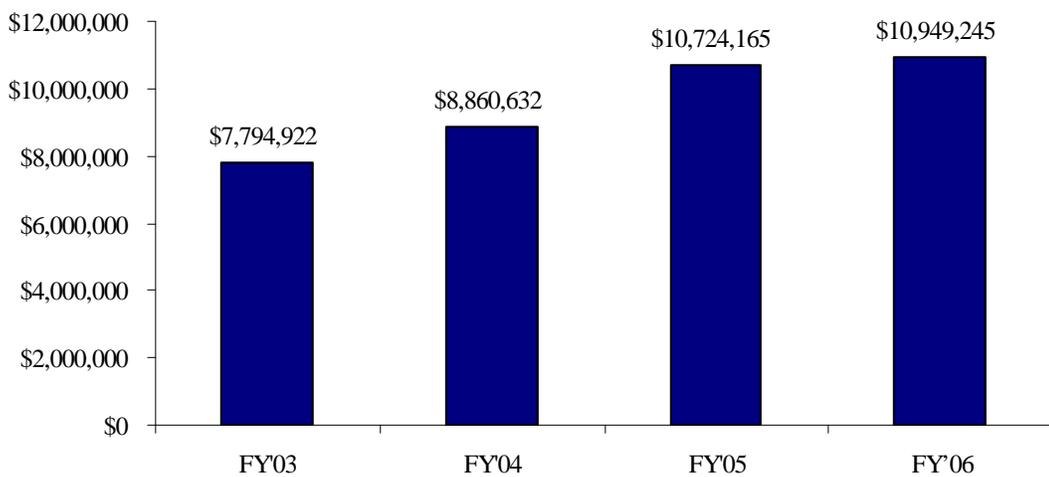


Fuel Expenditures by Agency					
Agency	FY'03	FY'04	FY'05	FY'06	% Change Over Prior Year
Transportation	\$7,402,416	\$9,088,009	\$10,720,177	\$17,732,979	65%
Conservation	\$1,804,286	\$2,253,606	\$2,795,442	\$3,303,207	18%
Highway Patrol	\$1,855,692	\$2,151,195	\$2,369,487	\$3,167,637	34%
All Other Agencies	\$3,838,905	\$3,994,117	\$4,960,723	\$6,427,954	30%
Total	\$14,901,299	\$17,486,927	\$20,845,829	\$30,631,777	47%

STATE FLEET DATA MAINTENANCE & REPAIR EXPENDITURES

In FY'06, state agencies reported an increase in the cost of maintenance of 2% over FY'05. When comparing FY'06 expenditures to FY'04, maintenance and repair costs increased 24% over the two year period. Maintenance and repair expenditures for *licensed vehicles only* are illustrated in the chart and table below.

Maintenance & Repair Expenditures by Fiscal Year



Maintenance & Repair Expenditures by Agency					
Agency	FY'03	FY'04	FY'05	FY'06	% Change Over Prior Year
Transportation	\$4,671,412	\$5,313,007	\$6,870,283	\$6,823,935	-1%
Conservation	\$711,608	\$931,158	\$940,365	\$1,005,008	7%
Highway Patrol	\$359,793	\$382,459	\$499,498	\$535,149	7%
All Other Agencies	\$2,052,109	\$2,234,008	\$2,414,019	\$2,585,153	7%
Total	\$7,794,922	\$8,860,632	\$10,724,165	\$10,949,245	2%

AGENCY FLEET COMPLIANCE FLEET MANAGEMENT STATUTE

Section 37.450 RSMo authorizes the Commissioner of Administration to issue policies governing the acquisition, assignment, use, replacement and maintenance of state-owned vehicles. The State Vehicle Policy (SP-4) promulgates these policies. State Fleet Management monitors agency compliance with the Fleet Management Statute and the State Vehicle Policy. The statute and policy can be found on the web at <http://www.oa.mo.gov/gs/fm/index.htm>. A report of agency compliance follows:

Reporting of State Vehicle Data

As required under Section 37.450 RSMo (3)¹² the State Fleet Information system was implemented on July 1, 2003. Agencies are required to submit vehicle data in a format and frequency requested by the State Fleet Manager. A majority of agencies met this deadline, but the following agencies have not yet provided the requested data for FY'03-FY'06.

- Department of Transportation
- Department of Conservation
- Missouri State Highway Patrol

The Department of Conservation and the Missouri State Highway Patrol have implemented new fleet information systems and are in the process of working on an interface into the State Fleet Information System.

The Missouri Department of Transportation has its own internally developed fleet tracking system. MoDOT has begun writing an interface programs to provide their data to State Fleet Management.

Without detailed vehicle data, State Fleet Management is unable to confirm agency compliance with minimum utilization standards outlined in the State Vehicle Policy (SP-4) for the Departments of Transportation, Conservation and the Missouri State Highway Patrol.

¹² Section 37.450 RSMo. (3) The Fleet Manager shall institute and supervise a state fleet vehicle tracking system in which the cost of owning and operating each state vehicle is documented by the agency owning the vehicle. All state agencies shall report the purchase and the sale of any vehicle to the fleet manager and provide any additional information requested by the Fleet Manager in the format, manner and frequency determined by the Office of Administration....

AGENCY FLEET COMPLIANCE FLEET MANAGEMENT STATUTE

State Vehicle Fleet Fee

The fleet management statute¹³ requires each state agency to pay a state vehicle fleet fee, as determined by the Office of Administration, for each vehicle it owns. Fee assessments are issued in July, based on the number of active vehicles shown in the State Fleet Information System as of June 30th each year.

The purpose of the fee is to fund the Fleet Information System and other administrative expenses incurred in management of the state fleet. Since the Office of Administration developed the State Fleet Information System in-house, agencies are not billed for system development or ongoing system support costs as part of the fee. Only administrative costs including the State Fleet Manager's salary, associated fringe benefit expenses and some minor expense and equipment were billed to agencies for FY'06. The FY'06 rate for the state fleet fee was \$18.00 per licensed active vehicle.

Vehicle counts as of June 30, 2006 were used to calculate each agency's total fee. Since the Departments of Transportation, Conservation and the Missouri State Highway Patrol have fleets in excess of 1,000 vehicles; their fleet fee invoice was reduced to \$9.00 per vehicle as allowed by statute.

The Department of Transportation expressed its refusal to pay the state fleet fee because they believe a full credit of the fee should apply, and they refuse to authorize agency funds to pay for services which they believe are redundant to those provided by their own agency.

The Department of Conservation has not paid the fleet fee and questioned the benefit the department would receive from State Fleet Management.

¹³ Section 37.450 RSMo. (7) Each agency shall pay a state vehicle fleet fee, as determined by the Office of Administration for each vehicle it owns for the purpose of funding the state fleet vehicle tracking system and for other administrative expenses incurred in management of the state vehicle fleet. Any agency that owns at least one thousand vehicles shall receive a credit against the state vehicle fleet fee for the internal fleet management services performed by such agency, provided such agency furnishes all information required by the Fleet Manager.

AGENCY FLEET COMPLIANCE STATE VEHICLE POLICY

With the inception of the State Fleet Information System, State Fleet Management is better equipped to analyze agency fleet data and determine agency compliance with policy standards. Also, agency compliance is verified prior to any new or used vehicle purchases as part of the vehicle pre-approval process.

State Colleges and Universities

In July 2003, discussions with the Department of Higher Education led to the determination that state colleges and universities were responsible for following the State Vehicle Policy, but they would be exempt from the vehicle pre-approval process. Although State Fleet Management distributed the State Vehicle Policy to state colleges and universities, the ability to monitor compliance is limited due to lack of resources as well as a lack of data since none of the colleges and universities have agreed to utilize the State Fleet Information System. Additionally, State Fleet Management has requested detailed vehicle data from all of the state colleges and universities, but the format is not conducive for making a thorough analysis of the efficiency of their fleets.

Agency Non-Compliance Issues

The following are areas in which agencies are currently not compliant with the State Vehicle Policy:

1. The policy requires an average annual minimum utilization of 15,000 miles for pool vehicles. Listed below are the agencies with averages below the minimum requirement:
 - Insurance
 - Mental Health¹⁴

2. The Department of Transportation communicated their intent not to adhere to the following statewide fleet management policies:
 - Track individual trip information
 - Obtain preapproval of passenger vehicles
 - Obtain approval to expand the size of their fleet
 - Obtain approval for reportable commuting assignments

3. The Department of Conservation communicated their intent not to adhere to the following statewide fleet management policies:
 - Track individual trip information
 - Obtain preapproval of passenger vehicles
 - Obtain approval of all reportable commuting assignments

¹⁴ Mental Health's fleet is in poor condition and many department vehicles are restricted for local travel only, therefore; pools are not getting as many miles as they used to.

AGENCY FLEET PURPOSE DESCRIPTIONS

Since the State of Missouri operates in a decentralized fashion, agencies were asked to submit information that presents an overview of how their fleet is utilized.

Attorney General

- Provide a pool of vehicles for attorneys to travel to court appearances throughout the state and for use on official business
- Mail delivery

Secretary of State

- Operate a carpool used by employees of the office in the routine duties of their positions, which includes but is not limited to securities investigations, delivery of library grant checks, consulting with libraries throughout the state, making management visits to out-state offices, and performing various work activities with local governmental entities
- Delivery and retrieval of records
- Mail pickup and delivery

State Auditor

- Transportation of employees
- One vehicle designated for local courier

State Treasurer

- Operate a carpool used by employees of the office in their routine duties, which include unclaimed property and linked deposit audits, unclaimed property and linked deposit booths, present and attend seminars throughout the State of Missouri
- Mail pickup and delivery

Agriculture

- Weights and Measures Division: Fuel and scale inspections, etc.
- Grain Inspection and Warehousing Division: Grain inspections and audits, etc.
- Plant Industry Division: Nursery inspection, gypsy moth and boll weevil control, etc.
- Market Information and Outreach Division: Market reporting and scholarship awards, etc.
- Animal Health Division: Meat inspection, food safety, brucellosis inspections, animal identification, etc.
- Agriculture Business Development Division: Travel relating to program activity grants and loans, etc.
- State Milk Board: Travel related to the inspection of milk.
- Missouri State Fair: Travel related to the promotion of the Missouri State Fair.

AGENCY FLEET PURPOSE DESCRIPTIONS

Conservation

- The Department of Conservation (MDC) provides highway, construction, farm, marine and other equipment, which are necessary for its operations and intended for official use
- MDC vehicles and equipment are tools for staff to deliver programs and services that positively affect Missouri's forest, fish, and wildlife resources

Corrections

- Inmate transportation
- Institutional security (perimeter patrol/emergency response)
- Operate pool vehicles used by employees
- Special use vehicles for delivery of commodities (food, etc.) and materials (Missouri Vocational Enterprise products, road aggregate material, etc.)
- Institutional support and maintenance of buildings

Economic Development

- Pick up and delivery of supplies, inventory and mail
- Support and maintenance of remote site and local buildings
- Investigations and inspections (Professional Registration)
- Operate a carpool used by employees of the department

Elementary & Secondary Education

- Support and maintain state-owned buildings
- Operate a carpool used by employees
- Support administrative functions (mailroom, telecommunications, laundry)
- Investigations and license revocations
- Transport students and staff
- Transport staff to provide technical assistance to school districts

Health & Senior Services

- Nursing home inspections
- Hospital inspections
- Restaurant inspections
- Daycare facility inspections
- In home visits of seniors
- Milk processing plant inspections
- Sewage treatment inspections
- Facility air quality inspections
- Elder abuse investigations

AGENCY FLEET PURPOSE DESCRIPTIONS

Higher Education

- Perform job functions in out-state Missouri
- Transport staff and board members to various meetings throughout the state
- Staff visits to public and private campuses
- Daily inter-city mail and delivery route

Insurance

- Operate a carpool to be used by department employees for regulatory functions

Labor & Industrial Relations

- Perform tax audits
- Perform mine safety inspections
- Support and maintain state owned buildings
- Maintain statewide information systems
- Adjudication
- Fraud and non-compliance investigations
- Support administrative functions

Mental Health

- Transport clients and consumers
- Maintenance of buildings and grounds at Department of Mental Health (DMH) facilities
- Support department programs and activities
- Provide transportation for DMH employees to conduct state business

Natural Resources

- To support the compliance assistance, planning, monitoring, research, public assistance, sampling, and when necessary investigation and enforcement associated with landfills, hazardous waste, public drinking water, water quality, air quality, soil conservation and other environmental activities
- To provide a pool of vehicles in Jefferson City for use by department staff that travel statewide to administer department programs and interact with the public regarding environmental regulation, enforcement, abatement, and planning

AGENCY FLEET PURPOSE DESCRIPTIONS

- To provide for an Emergency Environmental Response capability that includes responding to hazardous material spills and supporting methamphetamine abatement and lab cleanup efforts
- To support the operation, maintenance, administration, construction and security of over 80 state parks and historic sites
- To support providing assistance, education and guidance in the use and protection of Missouri's geologic and land resources, including interpreting the State's geological and hydrological setting; interpreting the character and availability of its water, energy and mineral resources; insuring the safety of dams; and determining land boundaries
- To demonstrate and publicize vehicles that employ technological advances with potential for increased energy efficiency and/or reducing the dependence on foreign oil

Office of Administration

- Support and maintain state owned buildings
- Operate a carpool used by OA employees, elected officials and numerous other state agencies
- Inspect state construction sites and leased facilities throughout the State of Missouri
- Delivery of mail and printing products

Office of the State Courts Administrator

- Support the operations of state courts
- Support statewide court automation
- Support judicial and clerk training programs
- Local use; e.g., mail, I.T. operations between four facilities, etc.

Public Safety

- *Office of the Director*
 - Support of the Department of Defense Equipment Program, Narcotics Control Program and Office of Homeland Security
- *State Emergency Management Agency (SEMA)*
 - Respond to emergency situations
 - Training for city and county Emergency Management Directors
 - Preparedness and planning for city and county Emergency Management Directors
- *Alcohol and Tobacco Control*
 - Enforcement and licensing of liquor establishments
 - Alcohol and Tobacco Control
 - Enforcement of Tobacco Underage Sales Laws

AGENCY FLEET PURPOSE DESCRIPTIONS

- Collection of over \$29 million in excise taxes
- Training of Servers and Licensees
- *Missouri Veteran's Commission (MVC)*
 - Provide transportation for residents
 - Support and maintain residents and veteran's homes
 - Operate a carpool for employees
- *Missouri Capitol Police (MCP):*
 - Police patrol
 - Response to calls for police service
 - Traffic enforcement and parking enforcement
 - Security escorts
- *Missouri Water Patrol (MWP)*
 - Deliver law enforcement personnel with appropriate technical equipment to all areas of the state to achieve mission as defined by RSMO. Chapter 306
 - Emergency response such as floods, earthquakes, Homeland Security details and other similar missions
 - Operate a small pool of additional specialized vehicles that support the MSWP mission such as, Homeland Security, dive response vehicles, blood alcohol content testing vans, evidence vehicles and radio telecommunications vehicles
- *Division of Fire Safety (DFS)*
 - Emergency response to fires, bomb threats and/or explosions
 - Mutual aid and Homeland Security response.
 - Inspections of daycare and group homes, boilers, pressure vessels, elevators, escalators and amusement rides
 - Provide pool vehicles for staff transporting state property and mail.
- *Adjutant General's Office*
 - Support of Missouri National Guard missions
 - Support facility maintenance requirements
 - Mail deliveries

Revenue

- Transportation of agency staff while conducting state business

Social Services

- Direct services to the public (rehabilitation services for the blind)
- Support and maintain direct services to youth and families (youth homes, case management and aftercare services, child abuse/neglect investigations/interventions)
- Investigations of child fatalities, Medicaid and IM (welfare) fraud
- Operate a carpool used by employees of the Department of Social Services
- Mail pick up and delivery

AGENCY FLEET PURPOSE DESCRIPTIONS

- Transfer of equipment/supplies from one location to another

Transportation

Comprised of passenger vehicles, utility trucks, aerial units, dump trucks, sweepers and various types of off-road construction equipment to construct and maintain the state's highway system.

Missouri Lottery

- Promote the Missouri Lottery by traveling to meet with retailers and sponsoring promotional events
- Sales routes
- Maintenance and delivery of Lottery materials
- Support regional offices located in Kansas City, St. Louis, Springfield and Jefferson City

State Tax Commission

- Delivery and transport vehicles
- Provide a pool of vehicles in Jefferson City for transportation of agency staff for statewide travel.
- Travel to counties to perform appraisals for ratio studies
- Travel to assist county assessors

APPENDIX A

FLEET MANAGEMENT HISTORY

The following is a brief chronological summary of relevant fleet management initiatives from 1997 – 2005.

1997 – 1998

Under the direction of the Lt. Governor's Office, the Council on Efficient Operations (CEO), Vehicle Maintenance and Management Team made the following recommendations:

1. Develop and implement a collaborative plan for purchasing, replacing and re-marketing state vehicles
2. Implement a standard vehicle tracking policy and method
3. Implement a standard vehicle assignment and use policy
4. Develop and implement a comprehensive maintenance program for all state vehicles
5. Implement a fuel program, utilizing an electric fuel card to be used by all state vehicle fleets
6. Standardize the decision process when selecting vehicle travel methods (personal, state, or rental)

The CEO team published the following documents:

- *Vehicle Management & Maintenance, Opportunities to Improve the State of Missouri's Vehicle Fleet Efficiency. August 20, 1997.*
- *Vehicle Management in State Government, An Analysis of Practices and Methods. January 1998.*

2001

State Fleet Management Audit Released

State Auditor, Claire McCaskill, issued an audit of State Fleet Management Report Number 2001-94 (<http://www.auditor.state.mo.us/press/2001-94.pdf>) recommending the Office of Administration set statewide policy for fleet management to include the following requirements:

1. Minimum mileage use requirements
2. Vehicle replacement policies, including replacement thresholds by vehicle type
3. Vehicle purchasing and budgeting procedures
4. Preventive maintenance, including maintenance schedules

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FLEET MANAGEMENT HISTORY

5. Allowable and unallowable uses and the records required to account for such use
6. Justification for assigning vehicles to individuals
7. Justification for commuting

State Fleet Management Task Force Formed

In response to the State Auditor's report, the Office of Administration convened an interagency State Fleet Management Task Force to develop and recommend a state vehicle policy governing the acquisition, assignment, maintenance and use of state vehicles.

2002

State Vehicle Policy Issued

The Commissioner of Administration issued the State Vehicle Policy (Appendix C) in January 2002. Issuance of this policy satisfied a number of recommendations made by the State Auditor and the House Interim Committee on State Fleet of Motor Vehicles and Airplanes. It also met the Commissioner of Administration's responsibility under Section 37.450 RSMo to issue policies governing the acquisition, assignment, use, replacement and maintenance of state-owned vehicles.

House Interim Committee Releases Report

The House Interim Committee on State Fleet of Motor Vehicles and Airplanes issued a report (<http://www.house.state.mo.us/bills01/intcom01/fleet.htm>) on February 5, 2002 recommending the establishment of a statewide fleet management program under the Office of Administration to encompass the following:

1. A standard vehicle tracking system
2. A central revolving fund within the Office of Administration to retain funds for the purpose of purchasing vehicles
3. A comprehensive maintenance program
4. A policy to ensure state vehicles are used solely for state business
5. Annual safety inspections of all vehicles
6. Compliance of all state purchasing policies
7. Annual reporting of the state fleet
8. Standardize the decision process for selecting vehicle travel methods
9. Establish a standardized policy on transporting personnel

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FLEET MANAGEMENT HISTORY

Fleet Management Legislation Signed Into Law

Governor Holden signed HB 1270 and 2032 (Appendix B) on July 11, 2002 creating a Fleet Management Program within the Office of Administration.

State Fleet Manager Appointed

The State Fleet Manager was appointed on August 1, 2002.

Fleet Management Advisory Committee Formed

The Fleet Management Advisory Committee (FleetMAC), a committee of representatives from all state agencies, began its work on August 8, 2002.

Efforts Begin to Determine Agency Compliance with the State Vehicle Policy

In August 2002, the Office of Administration, Division of General Services issued a questionnaire to state agencies to determine compliance with the State Vehicle Policy.

State Fleet Management Website Developed

The State Fleet Management website was developed in August 2002 and is available at <http://www.oa.mo.gov/gs/fm/index.htm>. The website serves as a resource for agency fleet managers and provides information on statewide fleet initiatives.

Fleet Information System Requirements Finalized

In October 2002, the Office of Administration, with the assistance of FleetMAC, finalized system requirements for the Fleet Information System required under Section 37.450 RSMo.

State Agencies Directed to Review Fleet Assignments and Reduce Fleets Accordingly

State agencies were directed to review their fleet assignments and determine if they are justified. Agencies were also directed to reduce the number of assigned vehicles, on-call vehicles and overall size of the state fleet.

APPENDIX A FLEET MANAGEMENT HISTORY

Fleet Information System Development Begins

The Office of Administration, Division of Information Systems began system development in December 2002.

2003

State Agencies Reduce Passenger Vehicles by 10%

State agencies reported fleet reductions of 969 vehicles since the beginning of the state fleet initiative.

Vehicle Preapproval Process Implemented

To contain growth in the state fleet, all new or used passenger vehicles less than 8,500 GWV (Gross Vehicle Weight), with the exception of law enforcement pursuit vehicles driven by POST¹⁵ certified law enforcement officers, must now be pre-approved before purchase.

State Fleet Information System Implemented

The web-based State Fleet Information System was developed in-house by the Office of Administration and implemented on July 1, 2003, saving approximately \$345,000 in system development costs.

Benefits of the information system include:

- Uniform reporting of state vehicle data from all state agencies
- Statewide fleet analysis including the ability to monitor agency compliance with the State Vehicle Policy
- Accurate and consistent count of the number of state vehicles
- Reconciliation of vehicle data with the Department of Revenue
- Improved efficiencies by generating required reports and automating the transfer of data for vehicle maintenance and repair costs
- Submission of required alternative fuel and vehicle data to the Department of Natural Resources

¹⁵ Peace Officers Standards Training Program administered by the Missouri Department of Public Safety.

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FLEET MANAGEMENT HISTORY

State Fleet Management conducts first analysis of cost to own and operate a state vehicle

Research conducted by State Fleet Management indicated that state vehicle ownership is the least costly fleet financing option at approximately \$.21 per mile¹⁶ to own and operate a typical state-owned sedan.

State Fleet Management develops Trip Optimizer tool

A *Trip Optimizer* tool was developed to assist agencies in determining the most cost effective mode of travel between Amtrak, state vehicles, mileage reimbursement and rentals. The *Trip Optimizer* is a user-friendly tool available for state employees on the State Fleet Management web site at <http://www.oa.mo.gov/gs/fm/traveloptions.htm>. The user enters the number of trip days and round trip miles and the most cost effective travel option is displayed. State Fleet Management promoted the Trip Optimizer through Fleet Management Advisory Committee, Financial Management Advisory Committee and the State Purchasing Committee.

2004

Rebid State Fleet Fuel Card Contract

State Fleet Management, along with OA/Purchasing drafted a request for proposal to explore opportunities for savings.

Upgraded State Fleet Information System

On June 1, 2004 the State Fleet Information System was upgraded to further classify vehicles assigned to dedicated tasks. This change will provide better information to analyze the utilization of such vehicles.

Promoted Use of the Trip Optimizer

The State Fleet Manager promoted use of the *Trip Optimizer* with the Statewide Purchasing Committee, FMAC (Financial Management Advisory Committee) and agency fleet managers.

¹⁶ FY'03 cost to own a operate a sedan.

APPENDIX A FLEET MANAGEMENT HISTORY

2005

Fleet Management Team Receives 2005 Governor's Award for Quality and Productivity

The interagency Fleet Management Team was recognized as one of six winners of the 2005 Governor's Award for Quality and Productivity. The team won the award in the efficiency category. Governor Matt Blunt recognized the team at a ceremony on September 20, 2005 for the following accomplishments:

- Developed and implemented a comprehensive State Vehicle Policy
- Reduced commuting in state vehicles by 74%
- Implemented a uniform fleet tracking system with reporting capabilities
- Established an accurate count of the number of state owned vehicles
- Eliminated over 1,100 underutilized vehicles from the state fleet
- Increased the efficiency of pool vehicles by 18%
- Created the *Trip Optimizer*, an interactive web application, to assist employees in determining the most cost effective mode of travel

Governor Blunt Signs Executive Order 05-02 Restricting Vehicle Purchases

On January 11, 2005, Governor Blunt signed Executive Order 05-02 prohibiting the purchase or lease of non-emergency motor vehicles except as approved by the Commissioner of Administration.

OA Awards New State Fleet Fuel Card Contract to Voyager Fleet Systems Resulting in Cost Savings for the State

A new fleet fuel card contract was awarded on July 1, 2005 to U.S. Bank, Voyager Fleet Systems. The new contract included volume-based rebates. The state also received a \$15,000 signing bonus. For the first time, all state agencies are now using the same fleet fuel card for their retail fuel purchases. Previously, MoDOT and the Highway Patrol utilized a different contractor.

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In 2005, the State Fleet Management Program worked closely with Voyager to offer the following program enhancements to state agencies:

- FleetCommander Online, an online reporting and account management tool
- Import of fuel transactions from Voyager into the State Fleet Information System to eliminate data entry of fuel expenses
- Free Roadside Assistance Program
- Introduced Voyager Teletrans Program

New Electronic Complaint Form to Report Misuse of State Vehicles Now Available

A new web-based form became available for citizens to confidentially report the misuse of state vehicles. Data entered into the online form is emailed to State Fleet Management and then forwarded to a designated state agency contact. This new process has provided another method for citizens to report the misuse of state vehicles and has greatly reduced time and effort in processing complaints.

State Agencies Reduce Travel Expenditures Through Increased Use of the Trip Optimizer and Rental Services Contract

State Fleet Management continued promotion of the *Trip Optimizer* in 2005. The *Trip Optimizer* is a web-based travel cost estimating tool for instate trips. Employees enter their round trip miles and the number of travel days and the most cost effective travel option is displayed between a state or rental vehicle and mileage reimbursement.



Several agencies have incorporated the use of the Trip Optimizer into their internal travel policies. Use of the rental services contract has more than doubled in the second year as more agencies began to use rental vehicles as a lower cost option to mileage reimbursement when state vehicles were unavailable. The Trip Optimizer may be accessed via the web at: <http://www.oa.mo.gov/gs/fm/traveloptions.htm>.

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Agencies Continue To Improve Vehicle Data Reliability

The State Fleet Information System reconciles data with the Department of Revenue records on a quarterly basis to help ensure the accuracy of state vehicle data. The reconciliation program checks the accuracy of the vehicle identification number and license number for each agency. Since the inception of the State Fleet Information System in 2003, the error rate has dropped from approximately 10.5% to 1%.

In 2005, State Fleet Management worked with the Department of Revenue to create a new policy that requires agencies to surrender license plates within 90 days if the plates will not be reassigned to another vehicle,

State Fleet Management Consolidates Two Agency Pools into the OA Pool

In 2005, two agencies, the Department of Public Safety, Director's Office and the Department of Economic Development, Administration Division, consolidated a combined sixteen vehicles into the OA vehicle pool. This move eliminated administrative burdens for the two agencies and effectively increased available vehicles for all agency customers of the OA Pool, which supports OA, elected officials and several other state agencies as a backup to their own internal pools.

State Auditor Issues Follow-up Fleet Audit, Acknowledges OA Efforts

The State Auditor's Office issued a Fleet Management Follow-up Audit in December of 2005. The audit acknowledged OA's efforts in implementing the original 2001 audit recommendations. The follow-up audit made other recommendations to reduce costs and improve the efficiency of the fleet. The State Fleet Management Program was already in the process of implementing many of these recommendations. The audit report may found on the web at: <http://www.auditor.mo.gov/press/2005-96.htm>.