

Cost and Management of the State Motor Pool

- 21P-03
- Performance Audit
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Background

Motor Pool manages:

- **Day Fleet** in Helena (164 vehicles)
- **Lease Fleet** across MT (843 vehicles)

Some agencies own their own vehicles (not part of the audit)

Motor Pool rates are designed to cover all costs

- **Assigned rate** (per hour)
- **Usage rate** (per mile)

Objectives

1) Is the Motor Pool more economical for state employee travel than the private sector?

2) Does the Motor Pool optimize fleet management?

Cost Comparisons



Motor Pool Rentals vs. Private Sector Rentals



Motor Pool Leases vs. Private Sector Rentals



Motor Pool Leases vs. Private Sector Leases

Motor Pool Rentals vs. Private Sector Rentals

Costs for use of the **Motor Pool's day fleet** in 2019 were lower than what it would have cost for private sector rentals.

\$626 K



Motor Pool

\$1.09 M



Hertz

\$1.16 M



Enterprise

Cost Savings

The state saved about

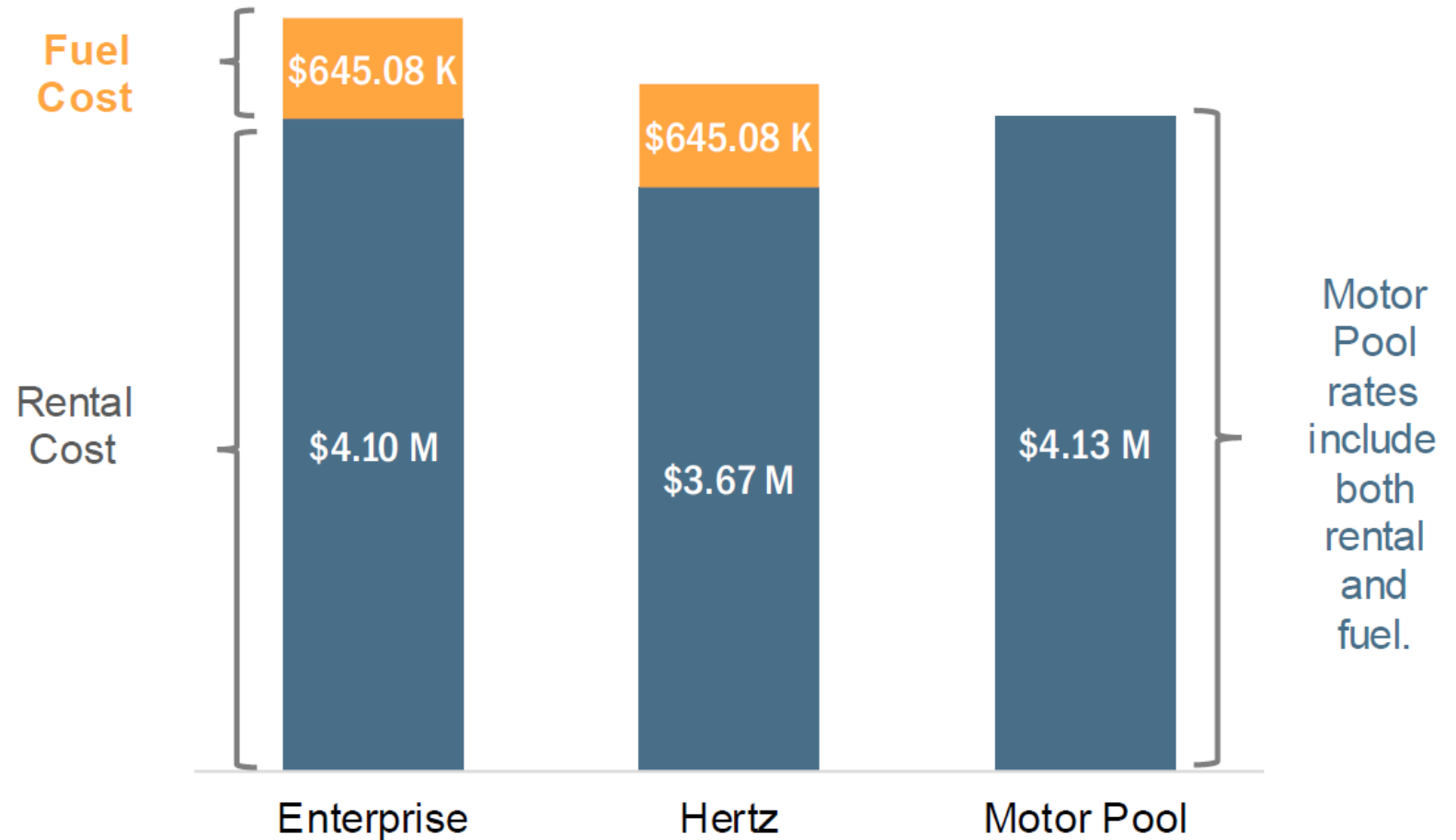
\$466K

by using the Motor
Pool day fleet in 2019
rather than renting
from the private
sector.



Motor Pool Leases vs. Private Sector Rentals

The total cost for **Motor Pool leases** in 2019 was lower than the total cost for short-term rentals through the private sector.



**Motor Pool
Leases
vs.
Private
Sector
Leases**



Passenger Minivan

Motor Pool Lease

FY 22 rates; Tier 2 fuel

Private Sector Lease

Effective Monthly Payment

\$491/month

\$525/month



SUV

\$453/month

\$530/month



Hybrid Sedan

\$341/month

\$469/month

Other States Have Explored Privatization with Mixed Results

UM and **MSU** privatized – small, aging fleets

Colorado and **Federal GSA** – have not explored privatization

Utah – privatized its day-use motor pool locations in 2015 but moving back in-house

Wyoming and **North Dakota** – found privatizing more expensive

Conclusion

The Motor Pool is generally a more economical option for state employee travel than the private sector.

The cost to taxpayers would be higher if the Motor Pool were to be privatized.

Fleet Management Practices

- Customer Satisfaction
- Vehicle Replacement
- Underutilization
- Optimal Day Fleet
- Preventative Maintenance



Motor Pool User Survey

- Surveyed 1,238 users of the Motor Pool day fleet from CY2017-2019
- 834 responses (67% response rate)



Online Reservation System



Customer Service



Motor Pool Vehicles

Vehicle Replacement

Vehicle Replacement Approaches:

1) At certain mileage or age

Motor Pool approach
(100k miles or 7/8 years)

Common in other states
(75k-130k miles or 7.5-9 years)

2) When the cost to repair exceeds the value

3) When life cycle costs are lowest

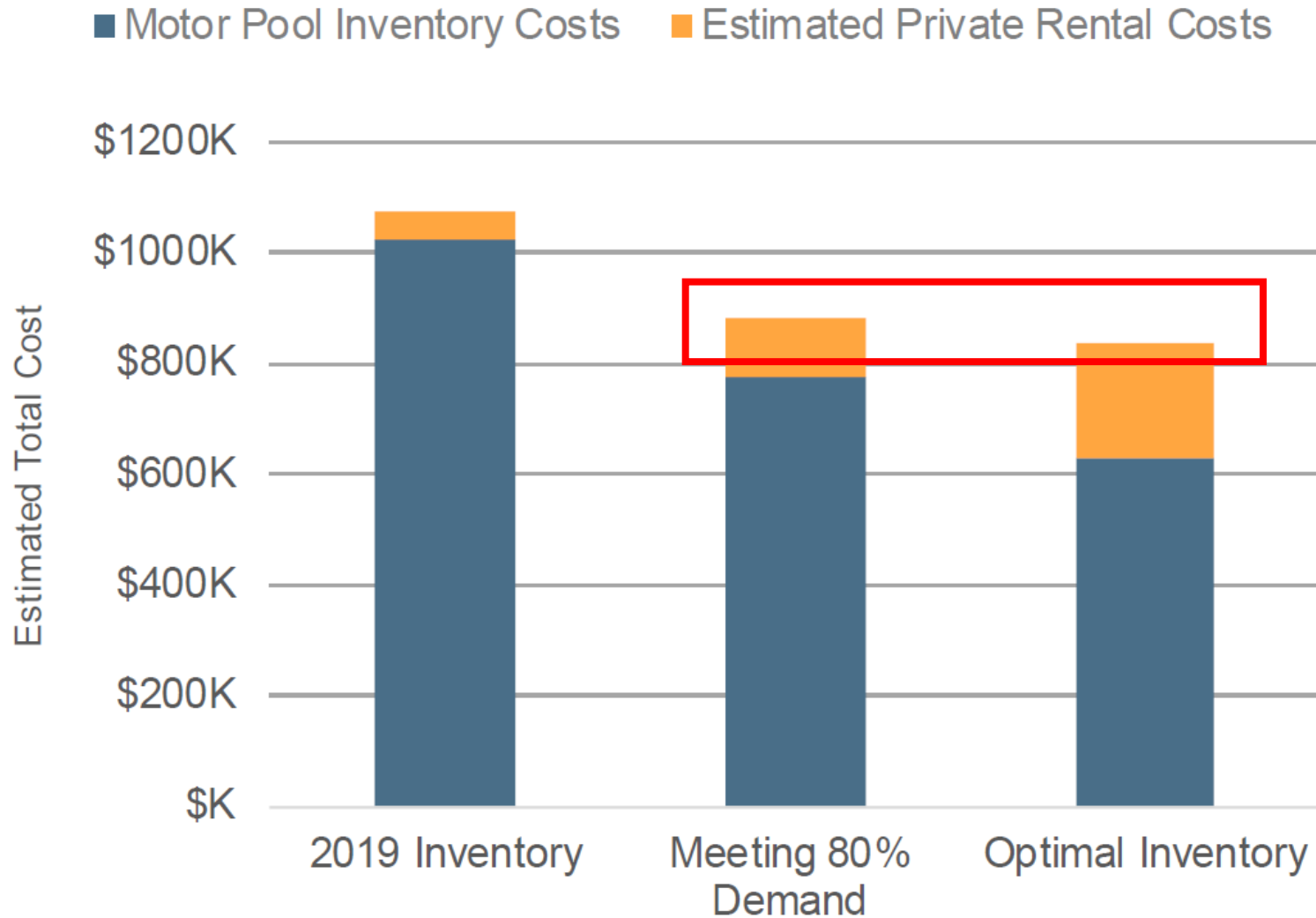
What we did

Found 100k is economically optimal for all vehicle types, except hybrid sedans

Underutilization

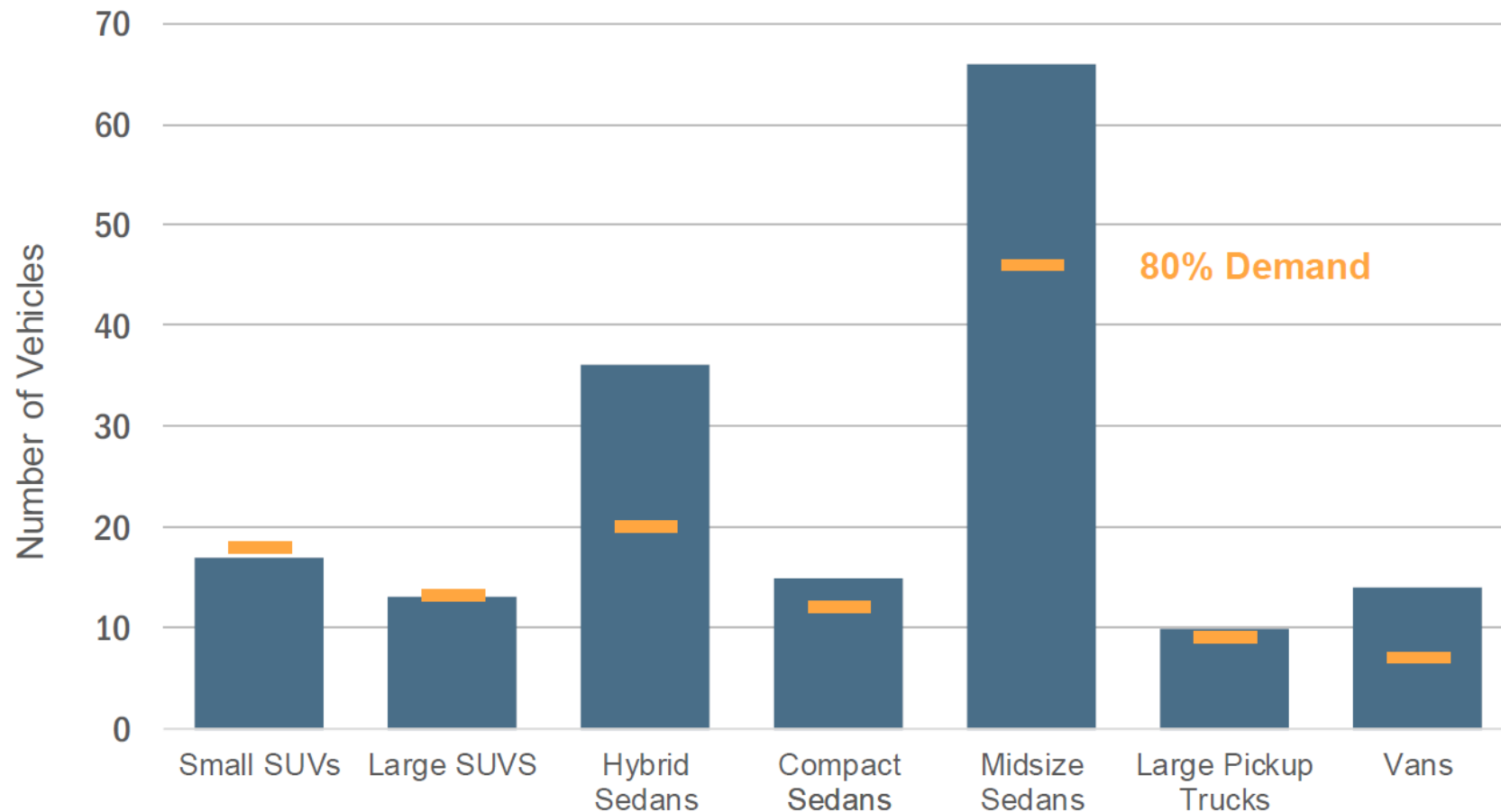
- Annual utilization threshold (e.g., 10k miles), with exceptions
- We identified **81** Motor Pool leases driven <5k miles and 65 days or fewer in 2019.
- Of these, **69** of them remained active leases in July 2021
- Map of Active Leases in the Story Map

Optimal Day Fleet



Optimal Day Fleet (cont.)

Average **Motor Pool** day fleet inventory in **2019** was close to an inventory that meets **80 percent demand** for most vehicle types.



Preventative Maintenance

PM 1

PM 2

- The Motor Pool's PM 1 requirement (oil change every 5k miles or annually) is reasonable.
- Leases did not comply with Motor Pool oil change requirements more than day-fleet vehicles.
- The Motor Pool did not meet its PM 2 goal in 2019.
 - **83%** met PM 2 requirement at end of 2019
 - Goal of **90%**

Recommendation

Use a more formal, data-driven approach:

- **Provide both mileage and days used to agencies and the Governor's Office.**
- **Adjust the day fleet over time to meet 80 percent demand.**
- **Measure progress toward preventative maintenance goals.**



QUESTIONS