Cost and Management of the State Motor Pool

- 21P-03
- Performance Audit
- Amber Robbins
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
Costs for use of the Motor Pool’s day fleet in 2019 were lower than what it would have cost for private sector rentals.
Cost Savings

The state saved about $466K by using the Motor Pool day fleet in 2019 rather than renting from the private sector.
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

<table>
<thead>
<tr>
<th>Car Type</th>
<th>Motor Pool Lease</th>
<th>Private Sector Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Minivan</td>
<td>$491/month</td>
<td>$525/month</td>
</tr>
<tr>
<td>SUV</td>
<td>$453/month</td>
<td>$530/month</td>
</tr>
<tr>
<td>Hybrid Sedan</td>
<td>$341/month</td>
<td>$469/month</td>
</tr>
</tbody>
</table>

Motor Pool Lease: FY 22 rates; Tier 2 fuel

Private Sector Lease: Effective Monthly Payment
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)
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

- Motor Pool Inventory Costs
- Estimated Private Rental Costs

Estimated Total Cost

- $1200K
- $1000K
- $800K
- $600K
- $400K
- $200K
- $K

Years:
- 2019 Inventory
- Meeting 80% Demand
- Optimal Inventory
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

• The Motor Pool’s PM 1 requirement (oil change every 5k miles or annually) is reasonable.

PM 2

• 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.