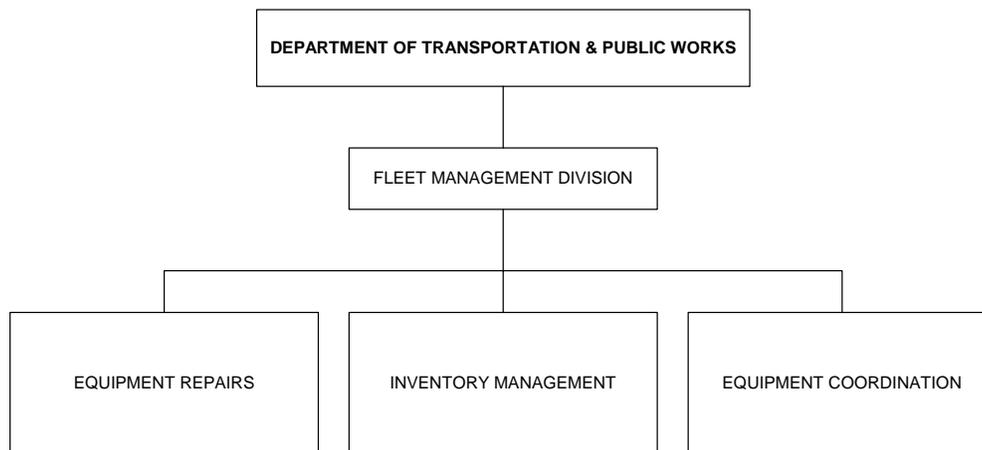


DTPW-FLEET MANAGEMENT (5300)



MISSION

Fleet Management is committed to providing a comprehensive fleet management program including a structured purchasing and preventive maintenance program that provides cost-effective customer service to all County departments.

Budget Summary

	2010	2009/2010 Change
Expenditures	7,784,914	(1,629,708)
Revenue	9,847,696	472,192
Levy	(2,062,782)	(2,101,900)*
FTE's	38.0	(5.3)

Major Programmatic Changes

- Implement new billing processes that charge users based on a labor rate and parts cost.
- Charge users for actual costs of new vehicle purchases that are commensurate with the debt service on that vehicle.
- Accelerate vehicle replacement schedule to reduce operating and maintenance costs.

OBJECTIVES

- To review the composition of the fleet and recommend changes to meet current workloads and increase operational efficiency. This includes capital purchasing and short-term rentals for specialty equipment.
- Maintain, repair and dispose of vehicles in a manner that brings the highest possible return on investment.
- Maintain a service facility, which will provide superior customer service, repair and administrative support to customers.

* The 2009/2010 levy change includes a one-time expenditure reduction related to budgeted depreciation in 2009 of \$2,472,799.

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UNIT NO. 5300
FUND: General - 0001

- To manage the fleet in a manner that ensures the lowest possible operating cost while maintaining consistently high mechanical reliability.

DEPARTMENTAL PROGRAM DESCRIPTION

The Fleet Management Division purchases and maintains vehicles and equipment used by Milwaukee County departments. Keys to this program include minimizing vehicle and equipment downtime, providing a preventative maintenance program and educating users on safe operation and daily maintenance.

2010 BUDGET

Approach and Priorities

- Approximately \$18,000,000 worth of County vehicles and equipment is past its useful life. These vehicles and equipment, if not replaced, will dramatically increase maintenance costs in the Division over the next five years and will decrease operational efficiency throughout the County. This budget seeks to reverse the current trend while maximizing cost savings.
- The Division's billing mechanism is antiquated and has not been modified in several years. The current system causes inequities in the costs that using departments pay. This budget modifies the current billing system so that maintenance and purchase costs are transparent. Customers will be accountable for only their vehicle operating and maintenance costs.

Programmatic Impacts

The Fleet Management Division will begin purchasing new vehicles in 2009 to address the backlog of vehicles and equipment that are beyond their useful lives and to take advantage of low interest rates related to the Build America Bonds. The Division will receive appropriation authority to purchase new vehicles that will phase into the program in 2010, 2011 and 2012. The corresponding debt service on each new vehicle or equipment piece will be paid for through a crosscharge to using departments. Expenditures for the purchasing program will be capped so that debt service does not exceed \$5,000,000 annually. The repair parts budget is reduced in 2010 as a result of this action and will continue to be reduced in future budgets. Outside services will be reduced in the 2011 budget and will also continue to be reduced in later budgets. The following table indicates the savings associated with the purchasing initiative. A majority of the savings is achieved by avoiding unnecessary increases in parts and outside service costs during the program. In addition to avoiding costs, the program also allows the Division to decrease these costs over time.

**FLEET PURCHASING PROGRAM
 ANNUAL PROGRAM EXPENDITURES, REVENUES AND COST SAVINGS**

Year	Change in Debt Service - New Program*	Fleet Expenditure Reductions**	Fleet Cost Avoidances (Parts & Outside Services)***	Fleet Cost Avoidance - Personnel****	Revenue Offsets - Highways*****	Revenue Offsets - Auction	TOTAL
2010	\$ 989,672	\$ (292,354)	\$ (330,585)	\$ (216,560)	\$ (810,973)	\$ -	\$ (660,800)
2011	\$ 1,734,140	\$ (747,354)	\$ (710,757)	\$ (359,541)	\$ (1,153,697)	\$ -	\$ (1,237,209)
2012	\$ 2,686,925	\$ (1,018,526)	\$ (1,147,956)	\$ (502,522)	\$ (1,502,009)	\$ -	\$ (1,484,088)
2013	\$ 2,994,663	\$ (1,118,526)	\$ (1,650,734)	\$ (502,522)	\$ (1,794,980)	\$ (66,200)	\$ (2,138,299)
2014	\$ 3,650,768	\$ (1,118,526)	\$ (2,228,929)	\$ (502,522)	\$ (1,944,980)	\$ (10,200)	\$ (2,154,389)
COST/(SAVINGS)	\$ 12,056,169	\$ (9,887,916)	\$ (6,068,961)	\$ (4,596,272)	\$ (7,206,639)	\$ (76,400)	

*The County has averaged \$1,250,000 in fleet capital purchases since 2006. This assumes the County would continue to purchase \$1.25M for an annual debt service cost of \$337,308.
 **Assumes a year-over-year expenditure reduction in parts and outside services.
 ***Assumes an additional 15% necessary over the requested 2010 budget without the program; assumes an additional 15% necessary each year following to cover cost increases.
 ****Assumes an additional 6 Techs and 1 In-Charge would be necessary without the program. These positions are phased back into Fleet over time.
 ***** A large portion of the first year and ongoing costs are offset by the increase in charges to Highways due to the new billing program. Highways receives offsetting revenue for 81.3 percent of the increase in charges. \$538,340 in revenue is related to maintenance costs and \$272,634 is related to vehicle purchases.

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- All new vehicles and equipment will be placed on a replacement schedule of either three, five or eight years. After replacement, depreciated vehicles and equipment will be sent to auction and the using department will be credited for the revenue received. Allowing departments, rather than the Fleet Management Division, to receive auction revenue will promote the proper care and maintenance of vehicles and equipment so that departments can achieve maximum revenue at auction.
- The 2009 Adopted Budget included a provision for the implementation of a ten percent fleet reduction. The Division has successfully implemented the reduction and will continue to monitor vehicles and equipment for necessity and for cost-saving alternatives that may further reduce the size of the County's fleet and overall operating costs.
- As a result of the new purchasing program, County departments will no longer be provided expenditure authority for new vehicle leases in their operating budgets. Current leases will be terminated upon the contract expiration and depending upon the necessity of the vehicle, may or may not be transferred into the purchasing program.
- Over the past several years, departments have been granted expenditure authority to purchase vehicles and equipment outside of the fleet system. These vehicles are considered "owned" by the purchasing department and may or may not be logged in the central fleet management and inventory system. For the purchasing program to work most efficiently and economically, oversight and management of all vehicles and equipment currently considered owned by other departments will be transferred back to the Fleet Management Division. All future vehicle purchases will also fall under the oversight and management of the Fleet Management Division. The table "2010 Vehicle and Equipment Allotment Per Department" at the end of the budget indicates the current number of vehicles and equipment that will be *allotted* to each department based on the most current information in the Fleet Management Division. Departments will not be allowed to exceed their allotment.
- The billing system is modified so that the Division charges an hourly labor rate of \$98.35 and a 29.25 percent markup on parts for all services performed. The hourly labor rate is formulated so that the Division recoups \$3,687,810 in expenditures through the assumption that each ironworker and auto and equipment service technician, assistant and in-charge bills 1472.5 hours annually, for a total of 38,285 billable hours. The parts markup is determined by the percentage of parts department operating costs (\$324,422) to parts expenditures (\$1,109,117).

Budget Highlights

Repair Parts Expenditure Reduction

(\$357,335)

With the commencement of the new purchasing program, many of the vehicles and equipment that require ongoing major maintenance will be replaced. For the first year of the program, a savings of \$125,000 is assumed in addition to approximately \$232,335 in avoided parts costs had the program not been implemented. The Division anticipates reducing parts expenditures even further in later years by an amount based on experience realized with the new program.

Expenditures Related to Outside Services and Airport Services

\$355,000

In 2009, the Airport Division assumed responsibility for its fleet maintenance services. This action included the transfer of ten Fleet Management employees to the Airport Division. It was originally intended that the Airport Division would continue to provide some fleet maintenance services for the Highways Division, the Sheriff's Office and the Parks Department. The 2010 budget provides the expenditure authority for the continuation of these services. In addition, the Division continues to utilize outside vendors for various repairs that are more efficiently and economically accomplished in the private sector. Due to the age of the fleet, the Division assumes an additional \$105,000 will be necessary in 2010. Because of the purchasing program, the Division anticipates a reduction of at least \$255,000 for outside services in 2011.

Personnel Changes

(\$359,077)

The Division currently has three administrative/clerical positions. The positions of Administrative Specialist and Fiscal Assistant 2 provide the level of support necessary for operations. Therefore, 1.0 FTE Clerical Assistant 1 will be abolished upon vacancy, for a savings of \$59,512. The Fleet Director has assumed the responsibilities of

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the vacant Fleet Services Coordinator making this position unnecessary for operations. Abolishing 1.0 FTE Fleet Services Coordinator provides a savings a \$93,572.

In 2009, the Airport Division assumed management of its fleet maintenance operations. The 2009 action included the transfer of ten service employees, but did not include the transfer of a parts employee necessary for daily operations. The transferring of 1.0 FTE Auto & Equip Parts Tech from the Fleet Management Division results in a decrease in salary and benefits of \$64,360.

The Division anticipates gaining operational efficiencies through the newly implemented purchasing program. With these efficiencies is a reduction in parts expenditures, which results in less labor hours needed in the parts department. In addition, the Division has been using outside vendors to perform bodywork on vehicles, which has been more efficient than performing these services in-house. Therefore, all bodywork will be performed by outside vendors, resulting in fewer labor hours needed for bodywork. These efficiencies result in the abolishment of 1.0 FTE Auto & Equip Parts Tech (\$64,371) and 1.0 FTE Auto & Equip Body Tech I/C (\$77,262) for a total savings of \$141,633.

Wage and Benefit Modifications

(\$21,162)

This budget includes an expenditure reduction of \$336,531 based on the changes described in the non-departmental account for wage and benefit modifications (org-1972). There is a corresponding revenue offset of \$315,369 for a total tax levy savings of \$21,162.

Capital Investments

Approximately \$19,000,000 is invested in new vehicles and equipment for 2010. These include vehicles and equipment that are part of two 2010 debt issuances and a Fall 2009 debt issuance. The vehicles and equipment funded through the Fall 2009 debt issuance were submitted to the County Board for approval during the September 2009 cycle but are presented here for illustrative purposes. Additional details can be found in the Debt Service budget - Org 9960 and the 2010 Recommended Capital Improvement Budget. The anticipated replacement schedule is as follows:

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October 2009 Bond Issue (Vehicles to be phased in during 2010)

DESCRIPTION	PURCHASE COST PER VEHICLE	4000	9000	5100	9500	5700	4900	5080	5070	4500	8000	1100	5300
Marked Squad Sedan	\$ 28,000.00	22											
Marked Squad Tahoe	\$ 38,000.00	16											
2X4 Pickup	\$ 25,000.00		3	2		1							
4X4 Pickup w/plow	\$ 35,000.00		19		1	1							
Sedan	\$ 18,000.00	16	3				1	1		6			
Cushman	\$ 21,000.00		7										
Patrol Truck (single)	\$ 185,000.00		7	6		1							
Patrol Truck (tandem)	\$ 200,000.00			1									
Wheel Loader	\$ 190,000.00			2									
Street Sweeper	\$ 269,000.00			2									
Transport Bus	\$ 64,000.00	1											
SUBTOTAL		55	39	13	1	3	1	1	0	6	0	0	0

March 2010 Bond Issue (Vehicles to be phased in during 2011)

Marked Squad Sedan	\$ 28,000.00	6											
2X4 Pickup	\$ 25,000.00		9	1	1								
2X4 1-Ton	\$ 50,000.00			1									
4X4 Pickup w/plow	\$ 35,000.00		15										
4X4 1-Ton w/plow	\$ 60,000.00		9										
Sedan	\$ 18,000.00	25								1			
Minivan	\$ 20,000.00		4										
Full-size Van	\$ 20,000.00					5							
Patrol Truck (single)	\$ 185,000.00		4	6		1							
Patrol Truck (tandem)	\$ 200,000.00			1									
Wheel Loader	\$ 190,000.00		1	2									
Street Sweeper	\$ 269,000.00			1									
Zoo Sweeper	\$ 250,000.00				1								
Stake Body	\$ 60,000.00		1	2									
Mason Truck	\$ 170,000.00			1									
Bucket Truck - Lg	\$ 150,000.00			1									
Bucket Truck - Sm	\$ 130,000.00			1									
Vac All	\$ 270,000.00			1									
Cone Truck	\$ 65,000.00			2									
Dump Truck (Md)	\$ 75,000.00		1										
SUBTOTAL		31	44	20	2	6	0	0	0	1	0	0	0

October 2010 Bond Issue (Vehicles to be phased in during 2012)

Marked Squad Sedan	\$ 28,000.00	10											
Marked Squad Tahoe	\$ 38,000.00	5											
2X4 Pickup	\$ 25,000.00		11		3	2					1		
4X4 Pickup	\$ 30,000.00			8					1				
4X4 Pickup w/plow	\$ 35,000.00		18		1	5							3
Sedan	\$ 18,000.00	5	1						1	1		1	
Minivan	\$ 20,000.00	5	1			1		3					
Van	\$ 20,000.00	3											
SUV	\$ 30,000.00		1				1			2	1		
Cargo Van	\$ 30,000.00		2			2							1
Utility Van	\$ 25,000.00		7			3							
Utility Truck	\$ 32,000.00			1									
Patrol Truck (single)	\$ 185,000.00		1	9									
Wheel Loader	\$ 190,000.00			2	1	1							
Bucket Truck - Lg	\$ 150,000.00		1	2									
Cone Truck	\$ 65,000.00		1	5									
Garbage Truck	\$ 65,000.00		1										
Cargo Truck	\$ 30,000.00		1										
Tree Spade	\$ 130,000.00		1										
SUBTOTAL		28	47	27	5	14	1	3	2	3	2	1	4

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2010 VEHICLE & EQUIPMENT ALLOTMENT PER DEPARTMENT	
DEPARTMENT	TOTAL
Parks Department****	841
Sherriff	180
Highways Division	165
Facilities Management Division	40
Zoo	37
Fleet Management Division***	20
Department of Health and Human Services	18
Behavioral Health Division	14
District Attorney**	10
Architectural Engineering & Environmental Services	5
Information Management Services Division	3
Medical Examiner	3
Transportation Services	3
County Executive	1
Office for Persons with Disabilities	1
House of Correction*	1
TOTAL	1342
* The HOC was not included in the purchasing program but may at some time in the future. At this time, the equipment remains under the HOC with the exception of the transport bus to be purchased in 2009. ** The District Attorney has an additional ten vehicles that are listed in the system but are not technically county-owned vehicles. *** Fleet Management also maintains motor pool vehicles. **** These numbers include all mowing equipment.	

COUNTY EXECUTIVE'S 2010 BUDGET

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BUDGET SUMMARY				
Account Summary	2008 Actual	2009 Budget	2010 Budget	2009/2010 Change
Personal Services (w/o EFB)	\$ 2,390,858	\$ 2,180,924	\$ 1,751,219	\$ (429,705)
Employee Fringe Benefits (EFB)	2,341,083	1,515,688	1,339,384	(176,304)
Services	975,191	3,390,244	1,024,243	(2,366,001)
Commodities	1,601,382	1,328,862	1,203,862	(125,000)
Other Charges	0	0	0	0
Debt & Depreciation	2,013,439	0	1,326,980	1,326,980
Capital Outlay	36,055	10,301	0	(10,301)
Capital Contra	(33,895)	(10,301)	0	10,301
County Service Charges	1,452,897	3,572,599	3,383,589	(189,010)
Abatements	(340,311)	(2,573,695)	(2,244,363)	329,332
Total Expenditures	\$ 10,436,699	\$ 9,414,622	\$ 7,784,914	\$ (1,629,708)
Direct Revenue	171,508	44,800	195,303	150,503
State & Federal Revenue	20,492	20,000	20,000	0
Indirect Revenue	10,384,386	9,310,704	9,632,393	321,689
Total Revenue	\$ 10,576,386	\$ 9,375,504	\$ 9,847,696	\$ 472,192
Direct Total Tax Levy	(139,687)	39,118	(2,062,782)	(2,101,900)

PERSONNEL SUMMARY				
	2008 Actual	2009 Budget	2010 Budget	2009/2010 Change
Position Equivalent (Funded)*	53.1	43.3	38.0	(5.3)
% of Gross Wages Funded	97.0	99.4	96.7	(2.7)
Overtime (Dollars)	\$ 106,086	\$ 58,680	\$ 59,064	\$ 384
Overtime (Equivalent to Position)	2.0	1.3	1.3	0.0

* For 2008 Actuals, the Position Equivalent is the budgeted amount.

PERSONNEL CHANGES						
Job Title/Classification	Title Code	Action	# of Positions	Total FTE	Division	Cost of Positions (Salary Only)
Auto & Eq Parts Tech	06630	Transfer	(1)	(1.00)	To Airport 5056	\$ (38,054)
Auto & Eq Parts Tech	06630	Abolish	(1)	(1.00)	Fleet	(38,054)
Clerical Asst 1*	00042	Abolish	(1)	(1.00)	Fleet	(34,246)
Auto & Equip Body Tech I/C	27640	Abolish	(1)	(1.00)	Fleet	(48,170)
Fleet Services Coordinator	28230	Abolish	(1)	(1.00)	Fleet	(60,960)
Ironworker-DTPW**	26340	Seasonal	1	0.50	Fleet	0
					TOTAL	\$ (219,484)

* This position is abolished upon vacancy.

** This position is created but unfunded so there is no fiscal impact.

All departments are required to operate within their expenditure appropriations and their overall budgets. Pursuant to Section 59.60(12), Wisconsin Statutes, "No payment may be authorized or made and no obligation incurred against the county unless the county has sufficient appropriations for payment. No payment may be made or obligation incurred against an appropriation unless the director first certifies that a sufficient unencumbered balance is or will be available in the appropriation to make the payment or to meet the obligation when it becomes due and payable. An obligation incurred and an authorization of payment in violation of this subsection is void. A county officer who knowingly violates this subsection is jointly and severally liable to the county for the full amount paid. A county employee who knowingly violates this subsection may be removed for cause."