



Private vs. Public Fleets - What's best for your agency?

Thursday November 7, 2013:

11:00 am ET/ 10:00 amCT/ 9:00 am MT/ 8:00 am PT

SPEAKERS:

Dennis R. Hogan, CAFM, CFPF

**Fleet Services Manager
City of Cedar Rapids, IA**

Position History

Fleet Services Manager – City of Cedar Rapids
Manager – Fleet Services – Alliant Energy
Motor Pool Manager – University of Iowa

October 2007 - Present
October 1996 – October 2007
June 1990 – September 1996

U.S. Army – Retired

Fleet Size/Fleet Employees

Cedar Rapids

1325/40

Dennis has been in the fleet management profession for over 30 years in both government and private sector fleet operations. Throughout his career, Dennis has looked for positions that provide the highest possible challenge. Looking to bring under-performing fleets back to a Best in Class status has always been his career driver.

1990-1996 responsible for the University of Iowa fleet operation, which had 500 vehicles and pieces of equipment, 15 employees, and 1 garage operation.

1996-2007 Fleet Services Director for Alliant Energy a fleet of 4,000 vehicles and pieces of equipment operating in four states, with 14 garage locations and 97 employees.

2007 – Present Fleet Services Manager for the City of Cedar Rapids, a fleet of 1200 vehicles and pieces of equipment, with 3 garage facilities and 42 employees.

Vincent Olsen

**Superintendent of Internal Services
Village of Algonquin, IL**

Vince is the Superintendent of Internal Services for the Village of Algonquin, IL. His fleet career started with three years in the military followed by 15 years in the private sector as a technician and shop owner. He has spent the last 9 years in the public sector as the fleet and facilities superintendent.

Credentials:

- A.S.E. Master Certified Truck and Auto Technician
- Certified Public Fleet Professional C.P.F.P.
- A.S. Science. Waubensee Comm. College Sugar Grove IL.
- B.S. Economics. Northern Illinois University Dekalb IL.

Brian B. Bennett

**Fleet Services Manager
City of Des Moines, IA**

Brian has 17 years municipal management and leadership experience. He has been the Fleet manager for the City of Des Moines since 2005. In this role, he is responsible for the overall administration of a 1600 unit

municipal fleet with staff of 36 employees. He centralized Fleet Services as a division of the City Manager's Office to more effectively serve all City departments. Functions include acquisition, repair and maintenance as well as fueling and disposal. In his role as Fleet Operations Manager (2001- 2005) he implemented the transition of fleet maintenance operations from a private company to a City operation, managed the day to day operations of two shifts of 29 fleet technicians at multiple locations and reorganized supervisory and support positions to increase service delivery.

Additional positions with the City of Des Moines include:

Sept. 98-Sept.01- **Change Management Facilitator**- Member of the senior management team that designed and implemented organizational, technological, and work practice changes to reduce operating costs of wastewater treatment. (*Concurrent position*)

Sept, 99-June 01- **Wastewater Reclamation Facility Solids Manager**- Managed activities involved in the dewatering, processing, and land application of treatment plant bio-solids. Also managed the buildings and grounds work groups at the treatment facility.

Apr. 96-Sept. 99- **Agronomist**- Designed and implemented a land reuse program for treatment plant solids as a soil amendment and fertilizer. Program received the 1998 national award in research and technology for reuse of bio-solids.

Brian has a Master of Science in Organizational Leadership

MODERATOR:

**Howard A. Mann, CFPF
Fleet & Facilities Manager
City of Leawood, KS**

Howard is the Fleet/Facilities Manger for the City of Leawood Kansas . He has been with the City of Leawood since 1982 when he started as the only Technician for the City.

Howard has thirty-plus years of Wrench Time. He has been involved in Vehicle Repairs since the 8th grade when he started working for a little family owned Phillips 66 station in the 70s.

Credentials:

APWA Certified Public Fleet Manager

AEMP Certified Equipment Manager

ASE Dual Master Certifications including L1 & L2, PM & Truck Equipment Installation/Repair*

Recertification's Pending

Certified in Industrial Hydraulics

Licensed Class B building Contractor in Johnson County Kansas



Private vs. Public Fleets

Public vs. Private Fleets


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Nov 7, 2013




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Our Moderator



Howard A. Mann, CPFP
Fleet & Facilities Manager
City of Leawood



Polling Questions



If you are in full screen mode, you will need to minimize the screen to vote



Our Speakers:



Dennis R. Hogan,
CAFM, CFPF

- Fleet Services Manager
- City of Cedar Rapids, IA



Vincent C. Olsen,
CFPF

- Superintendent of Internal Services
- Village of Algonquin, IL



Brian B. Bennett

- Fleet Services Manager
- City of Des Moines, IA



Difference between Public and Private Fleets

Dennis R. Hogan CAFM/CPFP

Fleet Services Manager

City of Cedar Rapids, Iowa



Agenda

- Fleet Type Definitions
- Operational Differences
- Financial Differences
- Employee Management Differences



Fleet Types

- Generally speaking fleets fall in to two categories:
 - **Private Sector Fleets**- fleets owned by companies not government entities.
 - **Public Sector Fleets** - fleets owned and operated by city, county, state, and federal government bodies.



Operational Differences

PRIVATE

- Purchase alliances
- Regulatory compliance
- Localized decision making
- Standardized fleet
- Widespread fleet

PUBLIC

- Competitive Bid systems
- Regulatory exemptions
- Council or Board approvals
- Multiple manufacturers
- Centrally located



Financial Differences

PRIVATE

- Responsible to shareholders
- Job Functional appearance
- Customer less focused
- Back-up or excess units
- "For Profit"

PUBLIC

- Responsible to tax payers
- Conservative appearance
- Customer focused on fleet
- Minimize fleet back-ups
- Not For profit



Employee Management Differences

PRIVATE

- Can be non-bargaining
- Wider span of control
- Specialized focus
- Gifting and gratuity program

PUBLIC

- Majority are bargaining unit
- Narrowed span of control
- Diverse training needs
- Gifting restrictions



Summary

- There are many similarities between private fleet management and public fleet management.
- Success is based on ability to understand the differences and the differing rules of the game.
- Fleet managers can succeed in either environment and provide high quality programs for their customers be it public or private sector.



QUESTIONS ?

If you are in full screen mode, you will need to minimize your screen view the question pod.



The Economics of Private vs. Public Sector Fleet Operations

Scope vs. Scale and Understanding the Supply and Demand for Service



An Economic Approach

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.

[Adam Smith](#)

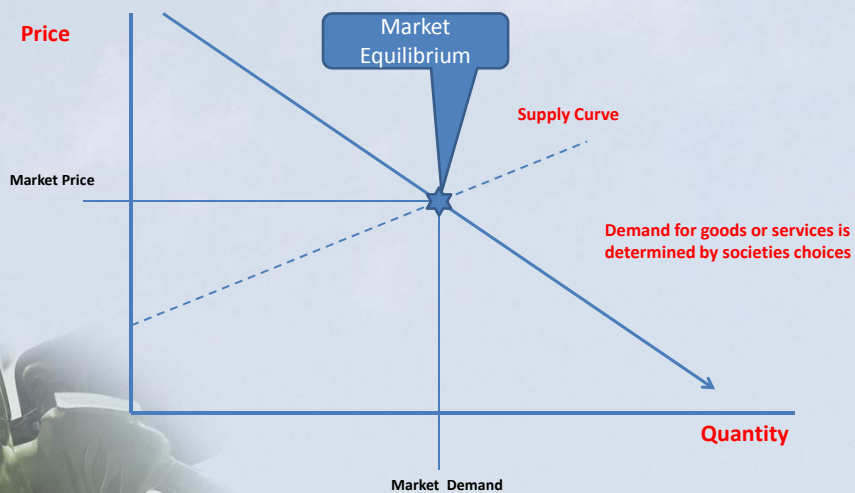


6 Key Concepts

- **Economy of Scale**: Economies of scale are factors that cause the average cost of producing something to fall as the volume of its output increases. Usually associated with Long Run Business models. Revenue from production offsets all costs to produce.
- **Economy of Scope**: factors that make it cheaper to produce a range of products together than to produce each one of them on its own.
- **Market**: An environment where goods or services are exchanged.
- **Opportunity Costs**: is the cost of any activity measured in terms of the value of the next best alternative forgone.
- **Law of Supply** As a price of a good or service goes up more of that good or service will be provided at that price. Ceteris Paribus
- **Law of Demand** As the cost of a good or service goes up consumers will demand less of that good or service. Ceteris Paribus



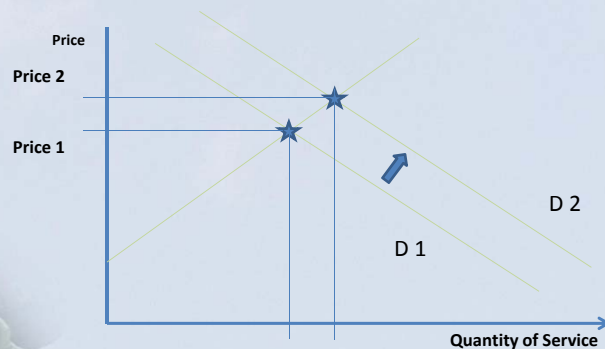
A Market Structure



Demand for Services in a public fleet operation is determined by the duties and assignments of the entities that it supports.



A shift in the Demand Curve will cause a Shift in the Supply Curve



Law of Supply: As price of a good or service goes up more of that good or service will be supplied at that price. **Ceteris Paribus.**

APWA

What Determines the Quantity Demanded of Service?

- Primary Factors
 - Number of Units
 - Type of Units
 - Unit Utilization
 - Unit Age ?
- Secondary Factors
 - Operators Skill Set
 - Technicians Skill Set
 - Maintenance Philosophy
 - Service Equipment and information

APWA

How Is The Supply For Services Met?

- Capital investment
 - Facilities
 - Lifts, Equipment and Information etc.

- Investment in Human Capital
 - Recruitment Process.
 - Wages and Benefits. *Who controls Wage?*
 - Legacy Costs. *Who controls Legacy Costs?*
 - Training and Education.



Economy of Scale vs. Economy of Scope

Private Marker

- Automotive dealerships
- Truck dealerships
- Equipment distributors
- Independent automotive shops
- Independent truck repair shops
- Independent Equipment repair shops
- Welding and Fabrication
- **Specialty Shops**
- Oil change
- Tire
- Muffler
- Electronics
- Builders

Public Fleet

- Fleet Services
 - Automotive Service, complete
 - Heavy Truck Service, complete
 - Welding and Fabrication
 - Squad Up-fitting
 - Equipment Builders
 - Equipment Repair
 - Emergency Service
 - Generator Service
 - Tire Store
 - Muffler Shop
 - Electronics



Opportunity Costs: *is the cost of any activity measured in terms of the value of the next best alternative forgone.*

- Untrained staff repairing assets generally multiplies opportunity costs
- Excessive fleet size or age diverts capital to asset maintenance, staff size and increases sustainability costs. (capital and labor ratios)
- Transaction costs. When staff are assigned the duty of transporting vehicles and equipment public services are diminished.
- Improper maintenance schedules. Over service or under service of assets can contribute to universal back log of work or excessive downtime.
- Proactive vs. Reactive work schedule. Reactive approach is always less effective and efficient and drives up sustainability costs.
- **Lack of quantitative and qualitative data. In the absence of data all discussions about allocation of manpower, capital investment and revenue is based on personalities, intuition, speculation and conjecture.**



Some Tips To Understanding Private Market Competition

- Understand the source and scope of your market.
- Fiduciary responsibilities are different between Public and Private Fleet Operations.
- Valid quantitative and qualitative data is necessary when making decisions to outsource or insource fleet activities. Numbers matter!
- Understand your supply costs. Fixed and Variable.
- Understand the scope of services required to service your fleet needs.



Questions???

If you are in full screen mode, you will need to minimize your screen view the question pod.

Vincent Olsen C.P.F.P.

A.S.E. Master Certified, B.S. Economics
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Algonquin Illinois
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The Metamorphosis of Fleet Services

Brian B. Bennett, M. S.
City of Des Moines, Iowa
Fleet Manager
November 7, 2013



METAMORPHOSIS

A marked change in appearance, character, condition, or function.



Revolutionary and Evolutionary changes

Municipal management- Since 2001



Private management- Five contractors until 2001

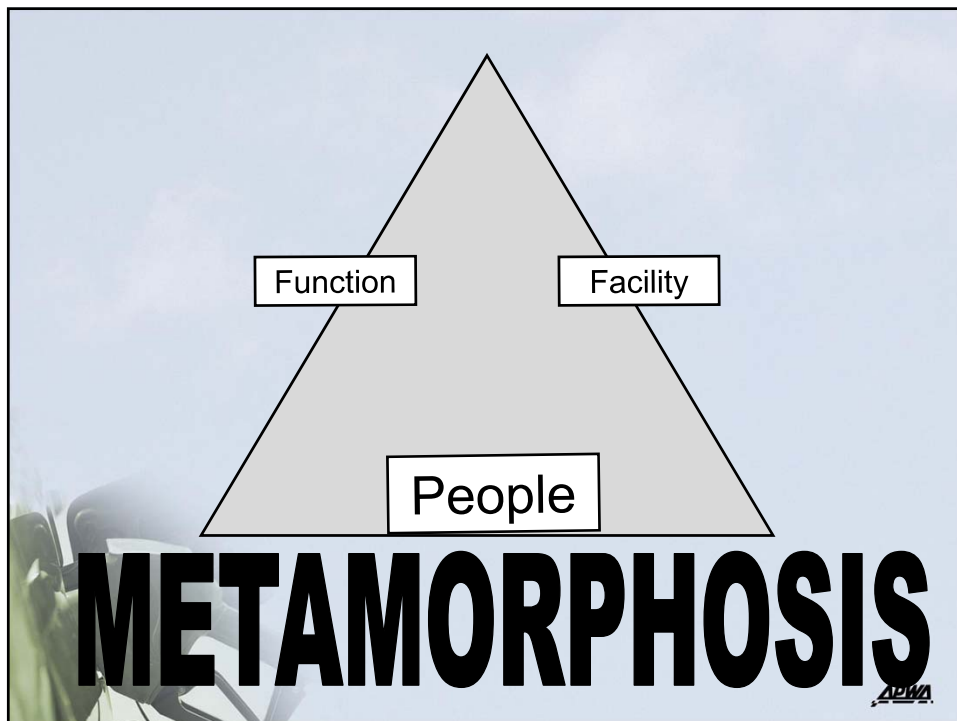


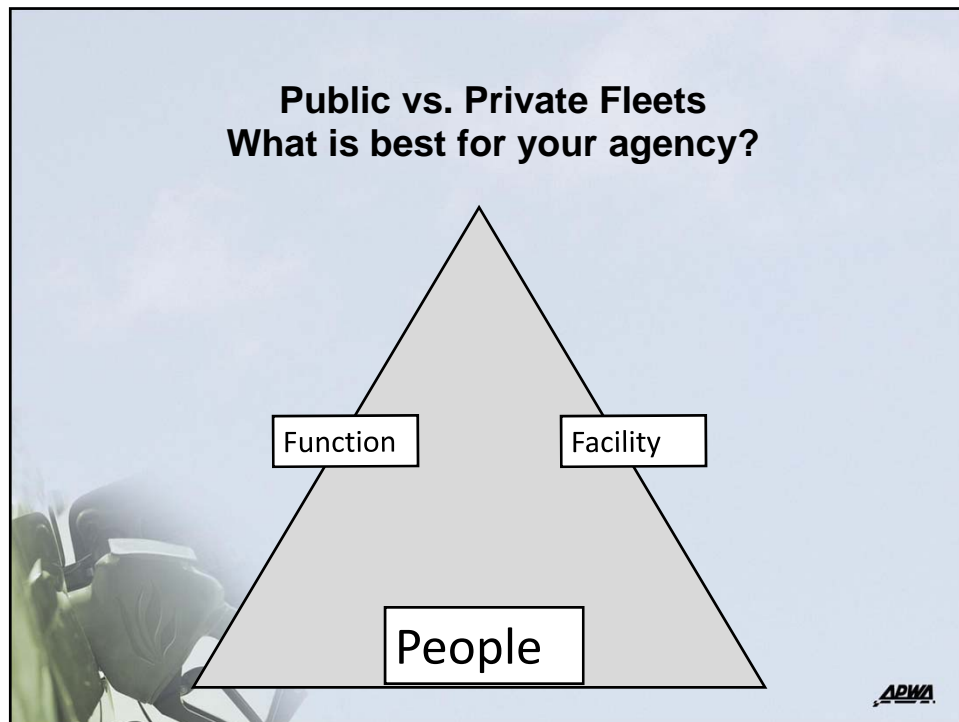
Municipal management- Until circa 1983



City of Des Moines, Iowa

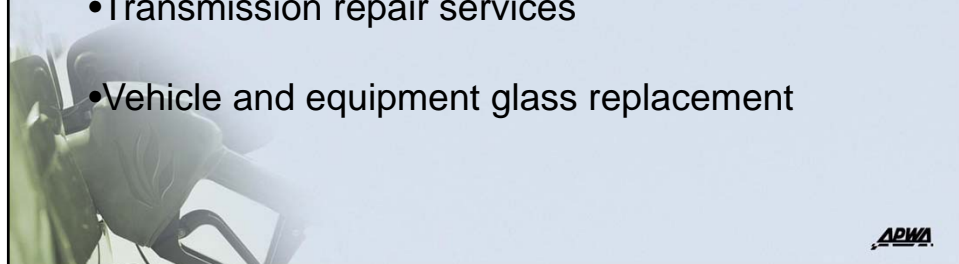
- Fleet and Facility Description
- Organizational Structure and Strategy





Surgical Outsourcing
within Current Organization Design

- Parts procurement, inventory, and distribution
- Tire repair and routine mounting
- Hydraulic component rebuild
- Transmission repair services
- Vehicle and equipment glass replacement



Surgical Outsourcing
within Current Organization Design
(cont'd)

- Auto body repairs-(in excess of one FTE auto body mechanic and 4 bay auto body shop
- Towing and recovery services
- Fuel deliveries to satellite locations
- Remarketing and disposal of vehicles and equipment



Core Services of Current Organization

- Repair and maintenance of 1,250 vehicles and equipment.
- Includes Police and Solid Waste collection
- EXCLUDES Fire and Radio Services
- Replacement acquisition
- Fueling services



The Meaning of Measurements

- W W W H W
- Frequency
- Impact



WWWHW sure beats "Flavor of the Month"

- What do you measure?
- Why do you measure it?
- When do you measure it?
- How are you going use it?
- Who Benefits or Cares?



Fleet Services Measurements

- Open Work Orders- Daily
- New Work Orders- Daily
- SW Auto Unit Availability- Daily, Yearly summary
- The "Log" 2X/ day
- Billable hours- Monthly
- Hours on SW service calls- Monthly
- Average hours per PM work order- Monthly
- Part Cost charged to work orders- Monthly
- Number of PW Road calls- Monthly
- % Fill Rate- Daily



FREQUENCY

- Technology will not limit
- User driven




**Test each measurement
for:**

WWWHW


Frequency

Impact



Performance Indicator Development Form

What – Do you want to measure?	Why Do you want to measure it?	When will you measure it?	How Will you use it?	Who Benefits from it?	Frequency How often will you measure it?	Impact Will it: 1. Move you to act? 2. Motivate you? 3. Monitor progress?



IMPACT

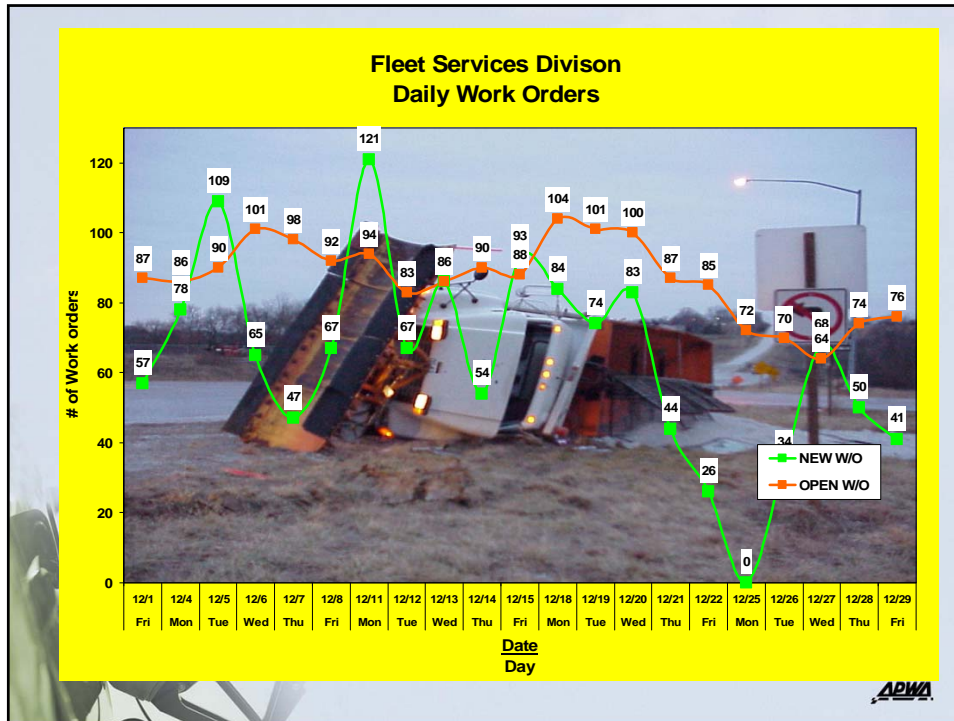
Measurements should:

- Move us to act
- Motivate us to succeed
- Monitor progress toward goals



<u>Measurable</u>	<u>Reporting Period</u>
Total hours for mechanics and service persons	<u>4480</u> hrs.
No. of billable hours (goal 75%)	<u>4619.15</u> hrs. <u>103%</u> of Total
No. of road calls	<u>236</u> each
No. of billable hours due to road calls	<u>268.9</u> hrs.
No. of billable hours on preventive maintenance	<u>491.8</u> hrs.
No. of billable hours on corrective maintenance	<u>3858.45</u> hrs.
No. of vehicles and pieces of equipment maintained	<u>1751</u> each






Questions???

Thank you
Make It A Great Day!


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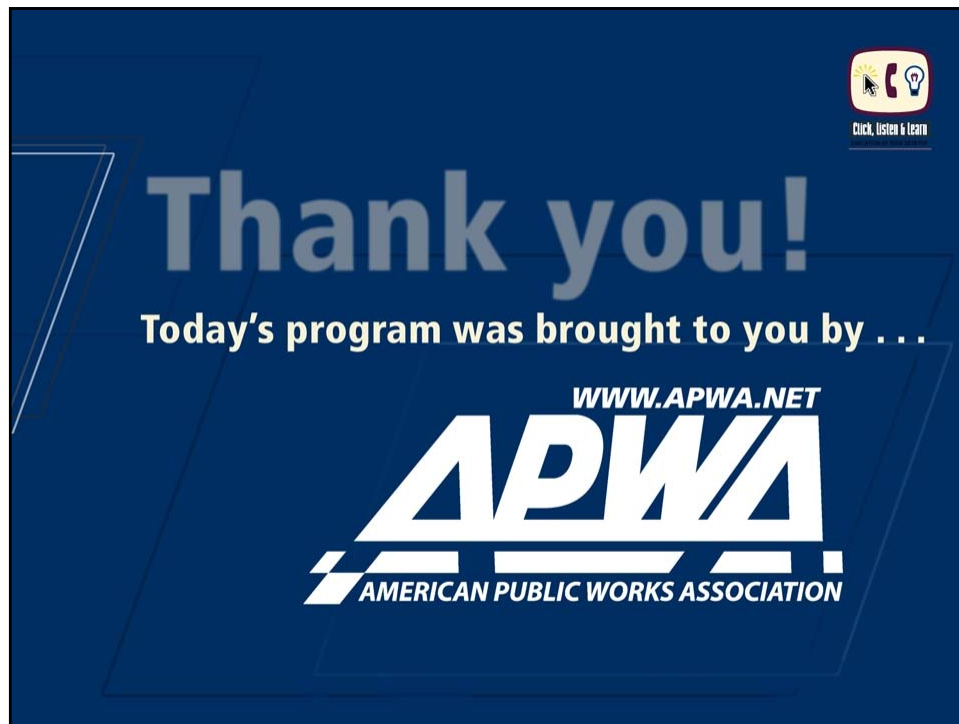


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