



DAS ISF – FLEET OPERATIONS

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE

BUDGET BRIEF

SUMMARY

For the Fleet Operations internal service fund, the Analyst recommends estimated revenue of \$62,248,000, authorized FTE of 31.6, authorized capital outlay of \$21,382,000, approval of requested intent lanague for FY 2012, and approval of requested rates for FY 2013. The Analyst further recommends a transfer of \$2,000,000 from the Fuel Network retained earnings to the General Fund in FY 2012. These recommendations are detailed below, as well as in the funding table on page 4.

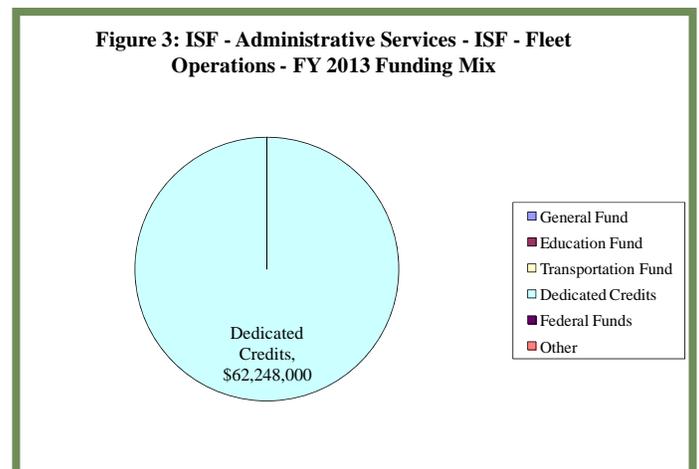
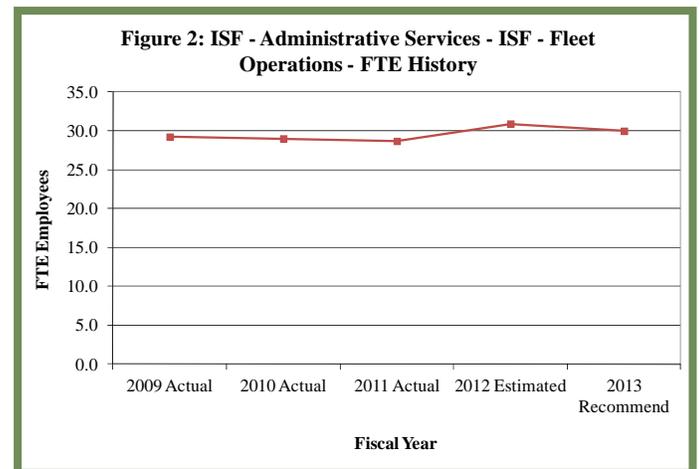
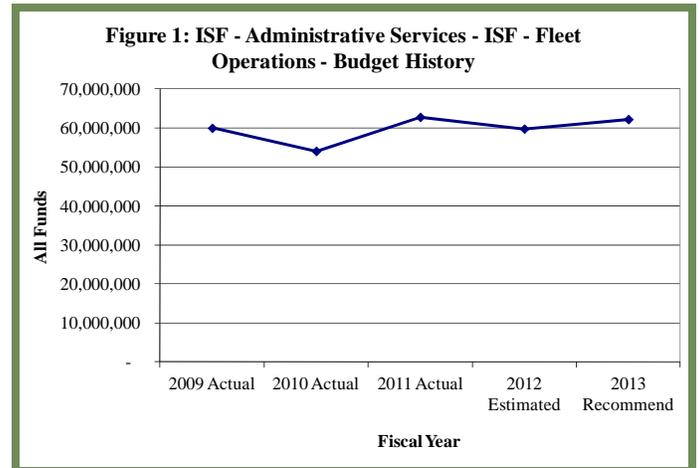
BACKGROUND

The Division of Fleet Operations performs all administrative duties related to managing the state’s vehicles, coordinates all vehicle purchases, manages the fleet information system for all state vehicles, makes rules, runs a fuel dispensing service, and sets rates to recover costs. The programs in this line item include:

- Administration
- Motor Pool
- Fuel Network
- Travel Office

For FY 2012 the Department of Administrative Services made several changes that affect the Division of Fleet Operations. First, the department moved the Travel Office from the Division of Finance to Fleet Operations. Second the department moved State Surplus Property and Federal Surplus Property programs from Fleet Operations to the General Services internal service fund.

The Administration Program is set up to account for the indirect costs (overhead) in delivering the services of the other three central services programs. All expenditures are passed through to the other programs in proportion to their share of the total division budget.



ISSUES AND RECOMMENDATIONS

Fuel Network Rate Decrease

The Fuel Network charges a rate as a percent of transaction value. As prices per gallon of gasoline increase, transaction amounts increase and Fuel Network revenue increases. As a result, the Fuel Network has collected more revenue than needed to be cost-neutral. Therefore the Division implemented a rate decrease (allowable by statute) for all customers in March 2011 that results in an annual savings of \$883,400.

Nonlapsing capital outlay authorization

Prior to FY 2005 the Fleet Operations was able to carry all unused capital outlay authority into the next fiscal year. The Legislature ended this nonlapsing authority in FY 2005 to provide more oversight of capital outlays. An unanticipated difficulty Fleet has encountered due to this change is that ISF accounting requires expenditures be booked at the time goods are delivered and every year some vehicles are not delivered in the fiscal year they were ordered. This results in several million dollars of capital outlay authority being used for previous year. To mitigate this problem the Analyst recommends intent language (see pg. 3) allowing the division to not lapse an amount of capital outlay authority equal to the value of cars ordered in the current fiscal year but not received by June 30th of that same year.

ACCOUNTABILITY DETAIL

Return on Investment of Motor Pool Vehicles

As an internal service fund, the Motor Pool program is required to set rates so that revenues match expenditures. Return on Investment is measured by dividing the net of gains minus investment cost by investment cost.

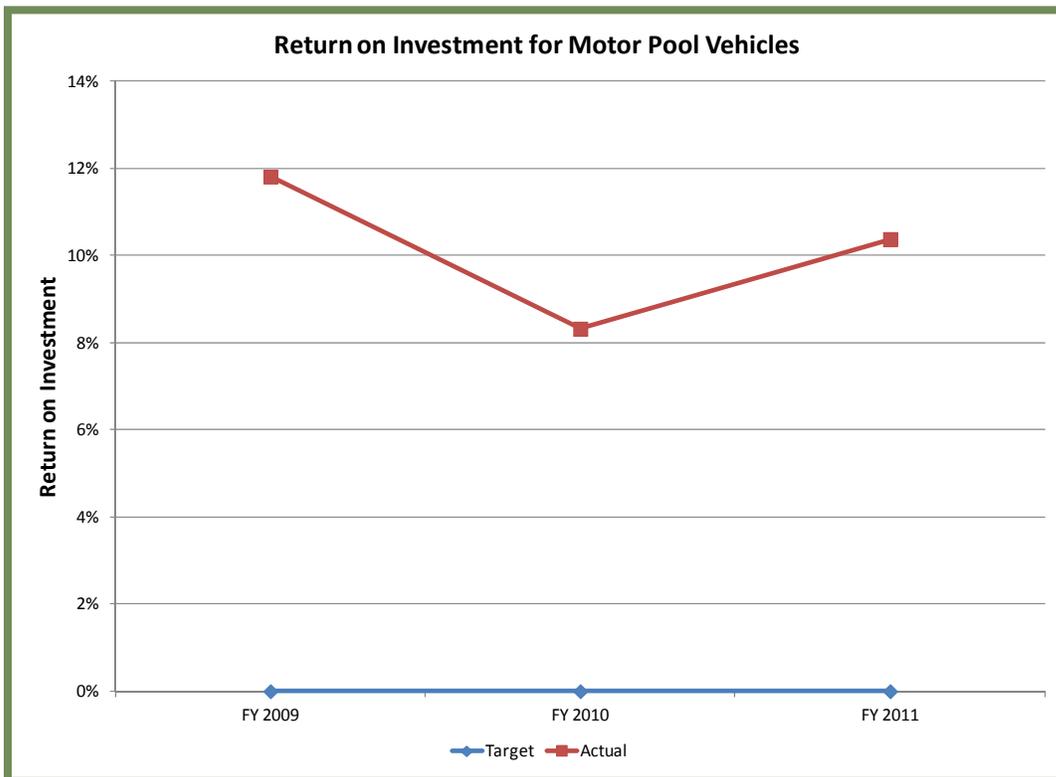


Figure 4

Fuel Network Availability

The state's fuel network adds value only if fueling sites are operational. The Fuel Network program strives for zero downtime except for scheduled maintenance.

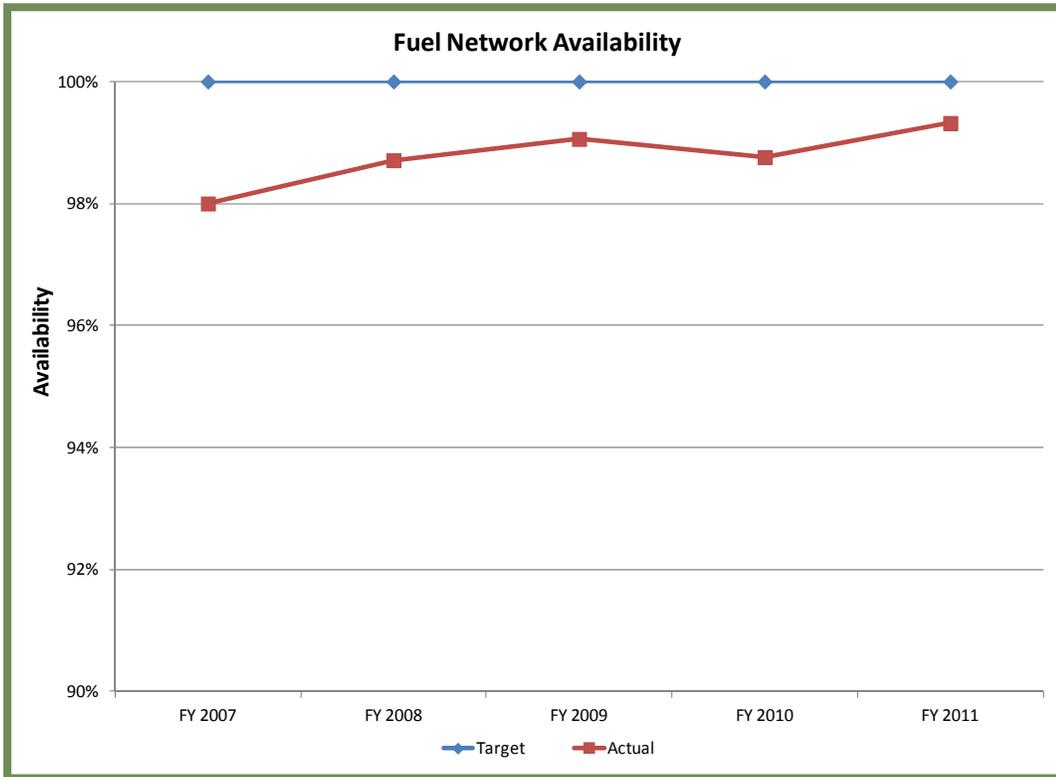


Figure 5

BUDGET DETAIL

Because the Administration program passes all of its expenditures (estimated at \$688,200 in FY 2013) through to the other three programs, its total budget is zero and it doesn't appear in the Budget Detail Table on page 4.

Capital Outlay Authority Request

Fleet Operations requests \$21,032,000 of capital outlay for the Motor Pool program to replace vehicles projected to reach mileage limits in FY 2013; and \$350,000 for the Fuel Network program to replace ten fuel card readers (\$100,000) and upgrade and replace fuel tank monitors (\$250,000).

Intent Language

The Analyst recommends the Legislature adopt the following intent language for FY 2012:

It is the intent of the Legislature that the Division of Fleet Operations shall not lapse capital outlay authority granted in FY 2012 for vehicles not delivered by the end of FY 2012 in which vehicle purchase orders were issued obligating capital outlay funds.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of \$62,248,000 for the Fleet Operations ISF in FY 2013
2. Rates as presented separately in an Issue Brief
3. FTE of 31.6 for FY 2013
4. Authorized Capital Outlay of \$21,382,000 for FY 2013
5. Intent Language as presented above
6. A transfer of \$2,000,000 from the Fuel Network retained earnings to the General Fund in FY 2012

BUDGET DETAIL TABLE

ISF - Administrative Services - ISF - Fleet Operations						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Federal Funds	273,000	0	0	0	0	0
Dedicated Credits - Intragvt Rev	62,174,700	56,903,000	2,917,000	59,820,000	2,428,000	62,248,000
Sale of Fixed Assets	384,200	0	0	0	0	0
Total	\$62,831,900	\$56,903,000	\$2,917,000	\$59,820,000	\$2,428,000	\$62,248,000
Programs						
ISF - Fuel Network	36,469,100	30,846,700	5,031,300	35,878,000	0	35,878,000
ISF - Motor Pool	26,362,800	25,565,200	(2,168,500)	23,396,700	2,447,000	25,843,700
ISF - Travel Office	0	491,100	54,200	545,300	(19,000)	526,300
Total	\$62,831,900	\$56,903,000	\$2,917,000	\$59,820,000	\$2,428,000	\$62,248,000
Categories of Expenditure						
Personnel Services	1,876,100	2,375,800	(118,100)	2,257,700	0	2,257,700
In-state Travel	300	1,600	(1,300)	300	0	300
Out-of-state Travel	2,700	6,100	1,300	7,400	0	7,400
Current Expense	49,628,100	43,733,800	6,136,800	49,870,600	(800)	49,869,800
DP Current Expense	576,300	657,300	(43,300)	614,000	31,200	645,200
Other Charges/Pass Thru	40,300	22,500	78,300	100,800	0	100,800
Operating Transfers	0	0	2,200,000	2,200,000	(2,200,000)	0
Depreciation	8,996,600	9,915,900	(711,200)	9,204,700	220,000	9,424,700
Total	\$61,120,400	\$56,713,000	\$7,542,500	\$64,255,500	(\$1,949,600)	\$62,305,900
Other Data						
Budgeted FTE	28.7	31.3	(0.4)	30.9	0.7	31.6
Actual FTE	24.4	0.0	0.0	0.0	0.0	0.0
Authorized Capital Outlay	16,625,800	19,906,200	0.0	19,906,200	1,475,800	21,382,000
Retained Earnings	10,503,800	9,186,100	(3,117,800)	6,068,300	(57,900)	6,010,400
Vehicles	11.0	11.0	0.0	11.0	0.0	11.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.