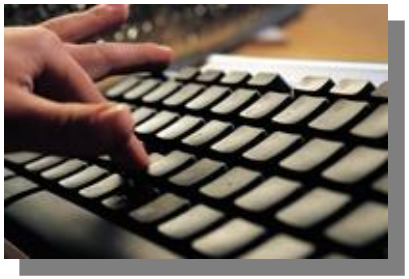

Enabling ISO 55000:
Strategic Asset Management Planning
for Motor Vehicles

Federal Leadership
in
Asset Management Policy Forum
2015

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The Problem

- Most agencies have good inventory data on their vehicles, but they don't know the optimum number and type of vehicles needed to accomplish their mission.
- Many agencies keep vehicles longer than they should.

The Solution

- Agencies should adopt a fleet asset management system following ISO 55000 principles.
  - "The elements of the asset management system should be viewed as a set of tools, including policies, plans, business processes, and information systems"

Presentation Overview

- Fleet Assets
- Overview of Fleet Asset Management
- Benefits of Fleet Asset Management
- Making the Case

Fleet Assets

- In Federal sector, “fleet assets” usually include on-road vehicles, but exclude off-road vehicles and equipment (the “yellow fleet”).
- In local and state governments, on-road vehicles and off-road equipment are usually managed together.

Overview of Fleet Asset Management

- How do we determine the right quantities and types of assets?
  - Vehicle Right-sizing and Right-typing, Vehicle Allocation Methodology (VAM)
- How do we achieve the lowest operational cost?
  - Lifecycle Cost Analysis
  - Replacement Planning
  - Gaining Stakeholder Support to Implement Recommendations

Determine the optimum vehicle inventory

RIGHT-SIZING AND RIGHT-TYPING

Vehicle Allocation Methodology Studies

- Right-size the Fleet
  - Identify and eliminate underutilized vehicles that aren't mission critical.
- Right-type the Fleet
  - Identify vehicles that, when replaced with a less costly vehicle, will still meet the agency's mission.
- Both required by law and regulation.

FMR B-30 VAM Steps

- Establish baseline fleet inventory profile that tracks vehicles individually.
- Develop vehicle utilization criteria (specific, objective thresholds).
- Conduct a utilization survey.
- Determine optimal fleet inventory.

Right-sizing and Right-typing Example

Asset ID #	VAM Answer	Consensus Action	Current Class	Recommended
C0108007	Retain	Retain	Light 4x2 Truck	Light Passenger Van
C0173234	Eliminate	Eliminate	Light SUV	
C0263450	Retain	Retain	Medium Passenger Van	Light 4x2 Truck
C0306690	Questionable	Retain	Light SUV	Compact Sedan
C0320657	Questionable	Retain	Light Passenger Van	Light Passenger Van
C0321190	Retain	Retain	Light SUV	Light SUV
C0321191	Retain	Retain	Light 4x4 Truck	Light Passenger Van
C0321192	Retain	Retain	Light 4x2 Truck	Light 4x2 Truck
C0321193	Retain	Retain	Light SUV	Light SUV
C0321194	Retain	Retain	Midsize Sedan	Midsize Sedan
C0362135	Questionable	Retain	Medium Truck	Light Passenger Van
C0531390	Questionable	Retain	Medium Truck	Light SUV
C0619739	Retain	Retain	Light SUV	Light SUV
C0758177	Retain	Retain	Medium SUV	Medium SUV
C0758180	Retain	Retain	Medium SUV	Midsize Sedan
C0758181	Retain	Retain	Medium SUV	Light Passenger Van

Determine optimum replacement cycles by fleet asset class

LIFECYCLE COST ANALYSIS

Vehicle Lifecycle Per FMR 102-34

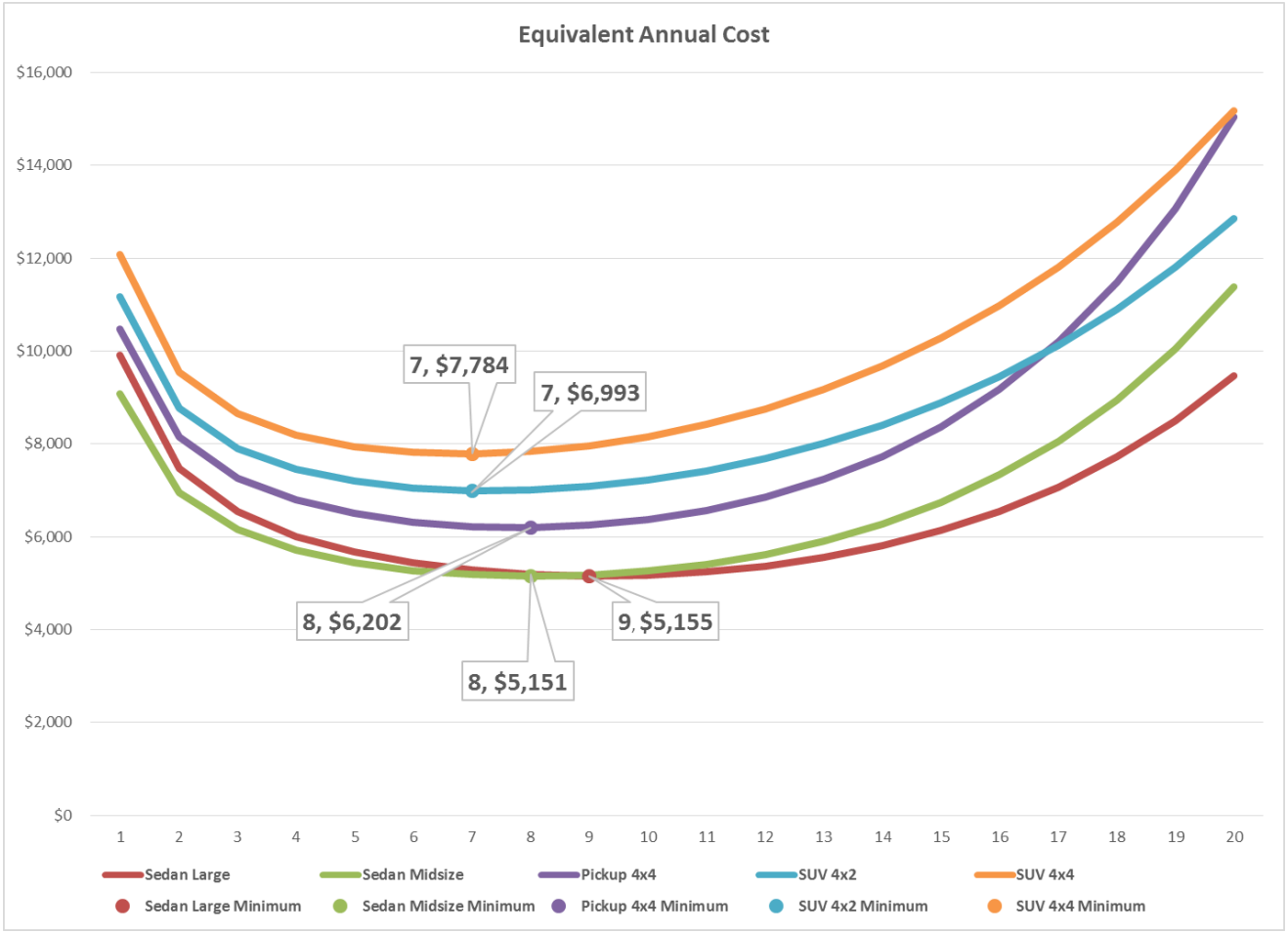
- FMR *§102-34.340* defines "the complete lifecycle of each motor vehicle" as:
  - Acquisition
  - Operation
  - Maintenance
  - Disposal

Acquisition, Operation, Maintenance, Disposal

- Imperative that your agency has systems in place to track and capture vehicle costs in these four key areas.
- Having timely and accurate vehicle cost data is the only way you can hope to achieve an optimized fleet.
- Identifying *all* vehicle-related costs is essential to a comprehensive, defensible lifecycle analysis.
- Good data is required, but having the tools to analyze the data are just as important.

Lifecycle Cost Analysis

Example from a Federal Law Enforcement Agency



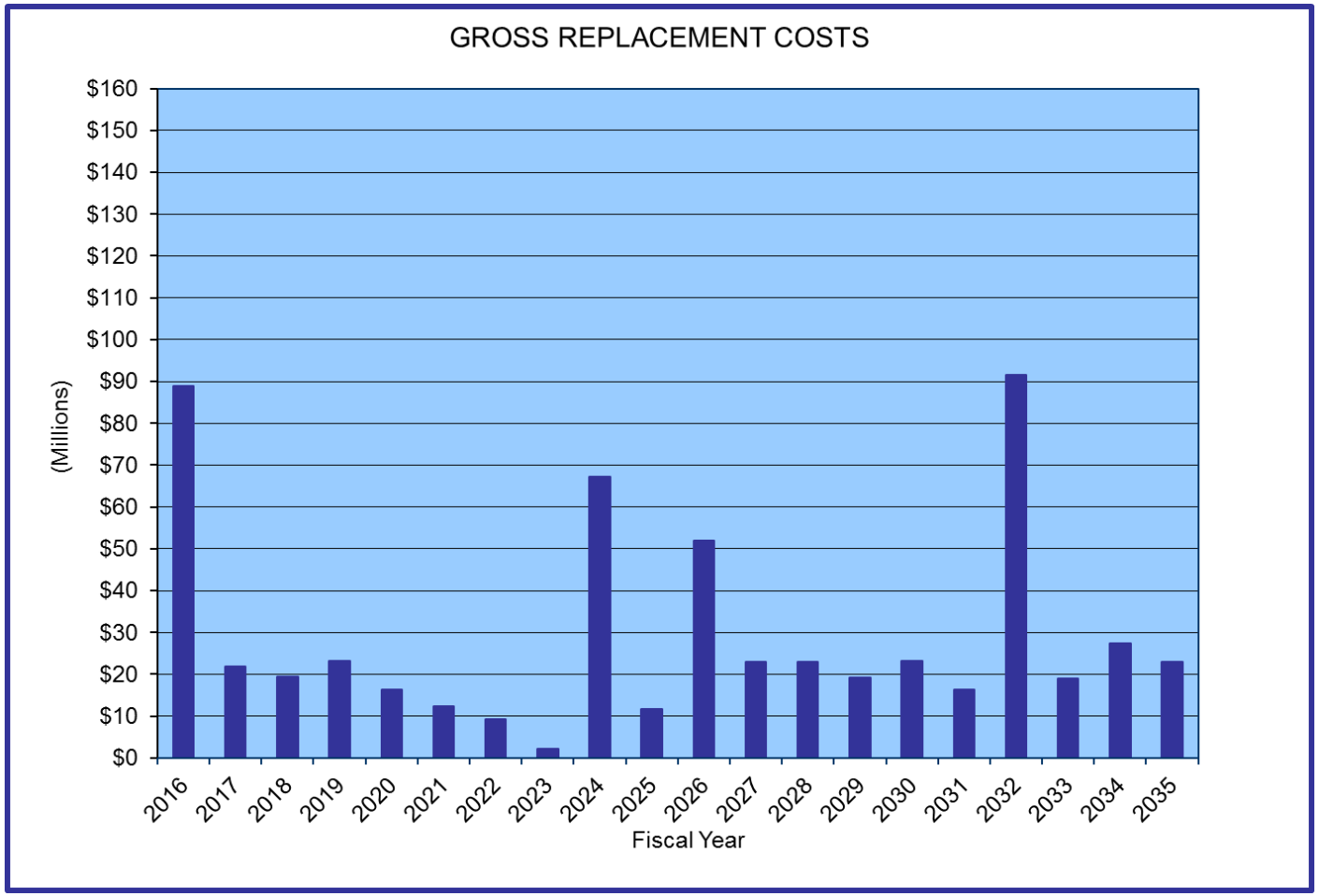
Capital Asset Replacement Cost Analysis

REPLACEMENT PLANNING

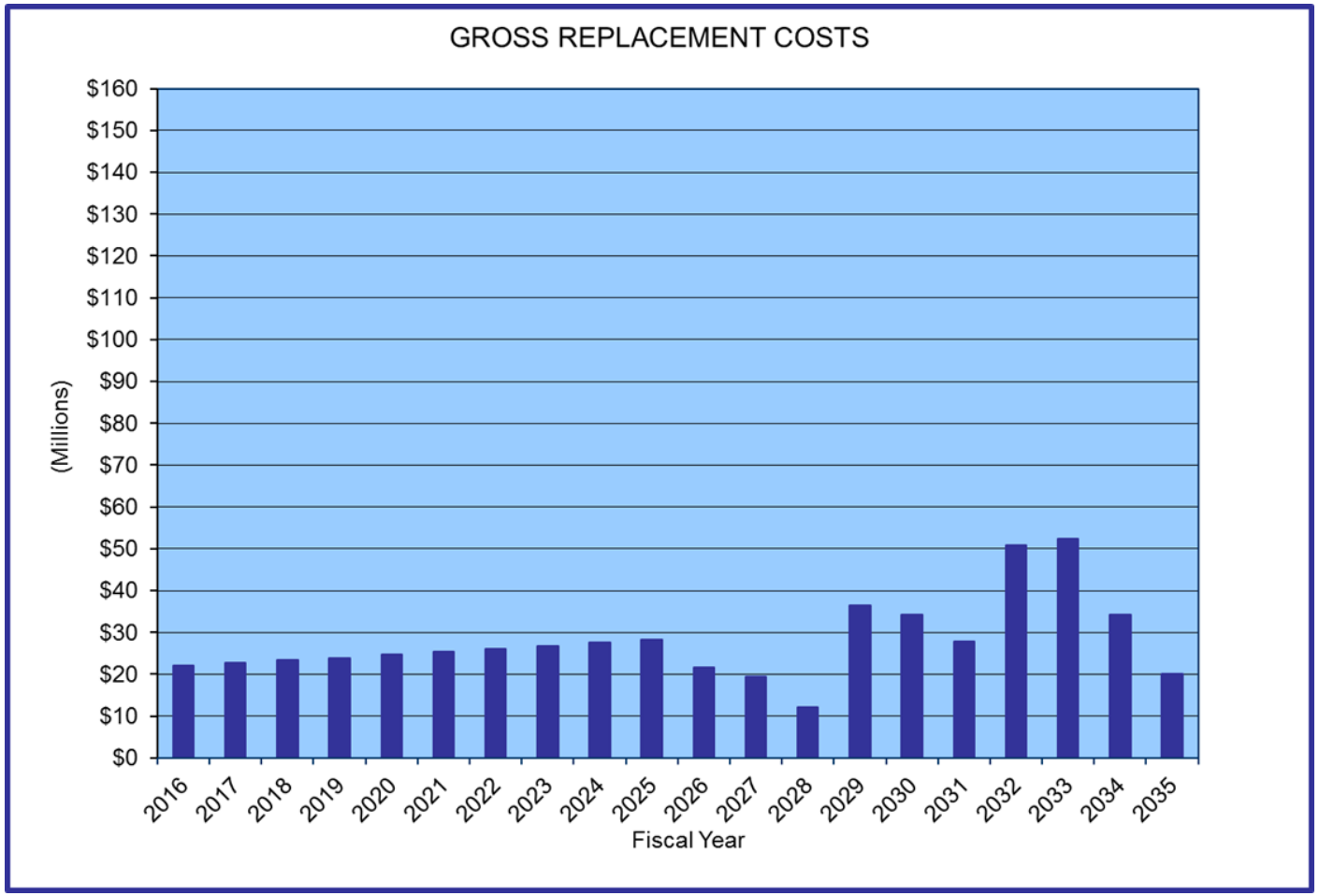
Fleet Funding & Replacement Facts

- An effective replacement program is essential for controlling fleet costs and performance.
- Life-cycle costing tells us that old fleets are more, not less, expensive than young ones.
- A multi-year fleet replacement plan is imperative if you are to understand the magnitude of the challenge (which is, in turn, the first step toward overcoming it).
- Every excess dollar spent on a fleet due to poor replacement practices is a dollar you cannot devote to your primary mission.

Replacement Baseline- $88.8 M



Smoothed Plan- $22.1 M



Benefits of Fleet Asset Management

- "Enables an organization to realize value from assets in the achievement of its organizational objectives."
- For fleets, this involves making the right quantities and types of safe fleet assets available to end-users at the lowest cost and with the lowest emissions.

Using total cost of ownership analysis to estimate savings

MAKING THE CASE

Total Cost of Ownership (TCO) Analysis

- TCO analysis shows the effect of fleet age on total fleet costs.
- Modernization:
  - Increases the safety of the fleet;
  - Increases the value of the fleet;
  - Reduces maintenance costs;
  - Reduces lost productivity; and
  - Reduces green house gas emissions.

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