

**U.S. Health and Human Services
Fleet Management Plan**

February 17 2012



**U.S. Health and Human Services
5600 Fishers Lane
Rockville, MD 20857**

1.0 INTRODUCTION

The Department of Health and Human Services (HHS) requires compliance with the Presidential Memorandum “Federal Fleet Performance” and subsequent General Services Administration (GSA) Bulletin Federal Management Regulation (FMR) B-30 “Vehicle Allocation Methodology (VAM) for Agency Fleets” to include identifying the optimal Fleet inventory to meet the Agency’s mission requirements.

Fleet management operations are composed of many diverse tasks and responsibilities. In the past, the “motorpool” consisted of a few administrative employees and mechanics. Today, managing and operating a fleet of motor vehicles has become both challenging and rewarding. Fleet personnel must understand the vehicle acquisition market, maintenance and repairs, vehicle disposal and all the regulations and policies affecting use of motor vehicles including environmental laws. This requires extensive training for fleet managers and significant skill levels for workers.

This fleet management plan is the result of the review process of the HHS baseline and optimal inventory. A comprehensive fleet management plan can result in significant cost savings for HHS by “rightsizing” our fleet and ensuring proper vehicle utilization. Fleet operations as a source of cost savings has been proven by many fleets in the private sector and can be achieved at HHS. Over the years, fleet management has developed some bad habits¹, for example:

- ✓ Highly decentralized vehicle assignment policies - vehicles and equipment are owned and maintained by numerous independent units of a government entity.
- ✓ Vehicles that are assigned to individuals rather than used as a pool vehicle decrease vehicle utilization.
- ✓ Determining your fleet size based on peak demand. Fleet operations that meet 100% demand in the middle of the week may have many idle vehicles at the beginning and end of the week.
- ✓ Employees drive to all their meetings instead of using local modes of transportation. A short trip to an all day meeting means a vehicle has less utilization.
- ✓ Inadequate maintenance programs. This means excessive downtime for vehicle repairs and requires a larger fleet to provide replacement vehicles for drivers.
- ✓ Unresponsive to changing technology and working conditions. Retaining vehicles that are not suited to the work requirements may increase fleet costs and reduce worker productivity.

HHS has leveraged this VAM study to analyze our fleet operations to ensure we have the required types and numbers of vehicles needed to meet our agency’s mission. Many “targets of opportunity” exist for reducing fleet costs, for example¹:

- ✓ Eliminate vehicles from the fleet that are not being properly utilized or that are unnecessary to meeting your agency's mission. Consider not only the vehicle's monthly mileage, but also the time a vehicle is used.
- ✓ Increase fleet utilization through pooled use of vehicles rather than numerous vehicles assigned to individuals or single departments.
- ✓ Encourage the use of local modes of transportation such as taxis, public transit, privately owned vehicles (POV's), shuttle services, and rental vehicles.
- ✓ Downsize to vehicles that will still enable your drivers to perform their duties. The acquisition of 4x4 sport utility vehicles should be carefully analyzed to investigate whether or not a smaller 4x2 may be more appropriate.
- ✓ Justify maintaining medium and heavy vehicles that have very low utilization (time and mileage). Consider pooling these vehicles for centralized use or partner with other agencies to lease the equipment on an as needed basis.

System Enhancements

This fleet management plan will enable HHS to look at every aspect of our fleet program. Evaluating our fleet operations will enable us to look for "targets of opportunity" to reduce our fleet costs and, if needed, downsize our fleet. These efforts will be further explored through enhancements to the Motor Vehicle Management Information System (MVMIS). The MVMIS enhancements are expected to be completed in a phased project in concert with the upgrade of the HHS Unified Financial Management System (UFMS).

Exhibit 1 represents a condensed snapshot of the HHS fleet by major category associated with the VAM.

Exhibit 1. Baseline Fleet Inventory by Major Category

	Sedans and Station Wagons	Ambulances	Buses	Trucks and Truck Tractors	TOTAL
CONVENTIONAL	1,088	53	7	1,593	2,741
ALTERNATIVE	1,001	2	0	1,083	2,086
TOTALS	2,089	55	7	2,676	4,827

2.0 BACKGROUND

On May 24, 2011, the President issued Presidential Memorandum-Federal Fleet Performance. In the memorandum, the President states that the Federal Government owes "a responsibility to American citizens to lead by example and contribute to meeting our national goals of reducing oil imports by 2025 and putting one million advanced vehicles on the road by 2015." HHS will ensure elimination of unnecessary or non-essential vehicles from the Agency's domestic, light-duty fleet inventory, and promote the cost-effectiveness of maintaining the fleet throughout the lifecycle.

The Department of Health and Human Services must meet the requirements of the Presidential Memorandum, "Federal Fleet Performance" and the General Services Administration, (GSA) Bulletin B-30, "Vehicle Allocation Methodology for Agency Fleets." The VAM will identify the optimal fleet inventory to meet requirements without compromising the agencies' mission with the target of eliminating unnecessary and non-essential vehicles which will ultimately reveal and promote cost effectiveness. Exhibit 2 represents key dates associated with the VAM submission:

Exhibit 2. Key Dates for Vehicle Allocation Methodology (VAM)

Action Required From:	Action	Due Date
GSA	Issue guidance on performing a VAM	August 22, 2011
Federal Agency	Post on agency website executive vehicles larger than mid-size and those not an AFV	November 17, 2011
GSA	Issue guidance on law enforcement and emergency vehicles Alternative Fuel Vehicle requirements	November 17, 2011
Federal Agency	Perform VAM study and report results to GSA through FAST and post on agency website	NLT February 17, 2012
GSA	Submit summary of agency plans to the Office of Management and Budget and the Council of Environmental Quality	NLT March 17, 2012

GSA	Provide VAM recommendations to agencies	NLT May 16, 2012
Federal Agency	Incorporate VAM fleet plans in annual Strategic Sustainability Performance Plan	Beginning June 2012
Federal Agency	All new light duty vehicles will be Alternative Fuel Vehicles	December 31, 2015

3.0 Alternative Fueled Vehicles – Plans and Schedules

In FY 2011, HHS acquired 968 light-duty AFVs of which 769 were covered and represented a 64% increase over 2010 AFV acquisitions. Sustainability is likely to remain fairly constant during the cycle between FY11 and FY15. However, more efficient combustion engine vehicles streaming into the CONUS marketplace along with delivery and acceptance of electric vehicles may cause a less dramatic decrease in the petroleum fuel consumption. It is too early to predict that outcome at this time.

For FY 2011, HHS did reach the EO 13423 requirement for increasing alternative fuel consumption by 10 percent compounded annually. HHS target goal for FY 2011 alternative fuel consumption was 45,417 Gasoline Gallon Equivalents (GGE). The Agency's actual consumption level was 80,329 GGEs, a difference of 34,912 GGEs from the target. However, HHS will continue to strive to meet EO 13423's overall requirement for consuming a minimum of 100,000 or better GGEs of alternative fuel by FY 2015. The main obstacles for reaching this target have been a lack of alternative fuel infrastructure and conflicting federal regulation on whether or not HHS focus should be on acquiring AFVs (mandated by EPCA 1992) or low greenhouse-gas vehicles (required by the Energy Independence and Security Act of 2007). AFVs consume alternative fuel while low greenhouse gas-emitting vehicles consume mostly petroleum fuel.

HHS acquired 186 AFVs in 2005 representing approximately 5% of total fleet. Cumulative purchases since 2005 total 2,827 AFVs. This represents 59% of total fleet. This is a 54% increase in AFV acquisitions over the last seven years. HHS anticipates a continuation of strong AFV acquisition growth through 2015. Our acquisition strategy includes a focus on high-efficiency petroleum-based vehicles, such as the Ford Focus. Since these types of vehicle are considered alternative fuel vehicles by the Department of Energy (DOE), we will maintain a focus on acquiring a significant portion of these vehicle types for our inventory. This strategy mitigates the limited availability of alternative fuel resources in some parts of CONUS.

Starting in May 2012, HHS will pilot two plug-in electric vehicles for operational usage within the Washington DC metropolitan area. As part of a pending study for electric

vehicles, HHS is considering installing battery recharging stations for hybrid and electric vehicles for employees and fleet vehicles. This would entail installing the essential infrastructure and provide necessary utilities. HHS believes that having recharging stations near HHS workplaces will encourage the use of these vehicles.

Regarding the schedule the agency will follow to achieve its optimal fleet inventory, HHS leadership has made the decision to evaluate one-third (1/3) of the fleet per month for the next 3 months in order to get a full evaluation completed. Leveraging the results of that evaluation, HHS will make recommendations regarding the acquisition schedule/strategy of AFVs by December 31, 2015. However, HHS will immediately begin the process of acquiring AFVs to replace petroleum-based vehicles.

4.0 Vehicle sourcing decision(s)

HHS compared both direct and indirect costs of owned vehicles to leased vehicles over a similar lifecycle. Based on the results of the research, there were 772 vehicles owned by the agency, 4,053 vehicles leased through GSA, and 2 commercially leased.

HHS will continue to leverage the following vehicle sourcing strategies, in priority order:

1) GSA Lease

The GSA fleet includes automobiles, passenger vans, light, medium and heavy truck, buses, and ambulances. GSA serves HHS on a cost reimbursable basis which makes it possible to offer this diverse fleet at all-inclusive rates.

2) Market Rate purchases

GSA Fleet will continue to be our primary source for leased vehicles. Where appropriate, HHS can pursue market sources such as GSA Automotive for owned vehicles.

3) Commercial lease

Vehicles may be leased through other commercial sources, as necessary.

Summary

HHS will continue primary vehicle sourcing through GSA leasing. Vehicles will be purchased (i.e. "owned") on a limited case-by-case basis. Each Operating Division is committed to right-sizing their vehicle fleet by leveraging the results of the VAM study and optimal fleet considerations. Summarized fleet information can be found in Appendix A of this Fleet Management Plan.

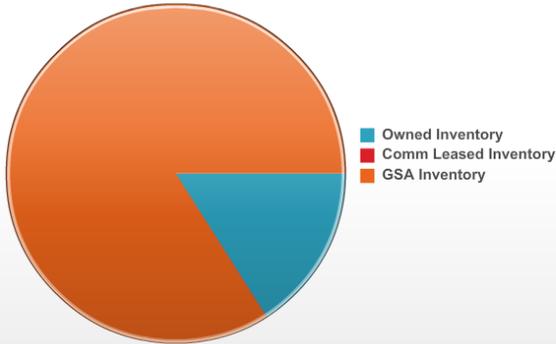
FLEET PROFILE

HHS FLEET REPORT FOR FY 2011

Fleet Profile by # of Vehicles

February 15, 2012

Metric **Fleet Profile**



Fleet Profile	# of Vehicles	Percent
Total	4,827	100%
Owned Inventory	772	16%
Comm Leased Inventory	2	0%
GSA Inventory	4,053	84%

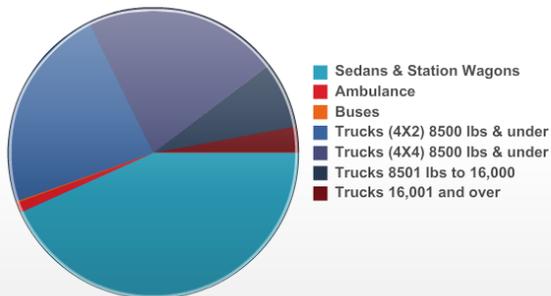
INVENTORY

HHS FLEET REPORT FOR FY 2011

Inventory by # of Vehicles

February 15, 2012

Metric **Inventory**



Inventory	# of Vehicles	Percent
Total	4,827	100%
Sedans & Station Wagons	2,089	43%
Ambulance	55	1%
Buses	7	0%
Trucks (4X2) 8500 lbs & unde	1,116	23%
Trucks (4X4) 8500 lbs & unde	1,058	22%
Trucks 8501 lbs to 16,000	360	7%
Trucks 16,001 and over	142	3%

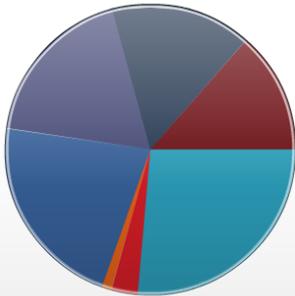
MAINTENANCE COST

HHS FLEET REPORT FOR FY 2011

Maintenance Cost by Dollars \$\$

February 15, 2012

Metric **Maintenance Cost**



- Sedans & Station Wagons
- Ambulance
- Buses
- Trucks (4X2) 8500 lbs & under
- Trucks (4X4) 8500 lbs & under
- Trucks 8501 lbs to 16,000
- Trucks 16,001 and over

Maintenance Cost	Dollars \$\$	Percent
<i>Total</i>	<i>2,534,729</i>	<i>100%</i>
Sedans & Station Wagons	669,839	26%
Ambulance	74,082	3%
Buses	27,783	1%
Trucks (4X2) 8500 lbs & unde	554,980	22%
Trucks (4X4) 8500 lbs & unde	467,468	18%
Trucks 8501 lbs to 16,000	397,204	16%
Trucks 16,001 and over	343,373	14%

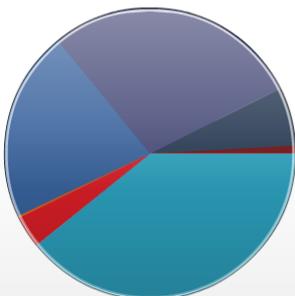
UTILIZATION

HHS FLEET REPORT FOR FY 2011

Utilization by # Of Miles

February 15, 2012

Metric **Utilization**



- Sedans & Station Wagons
- Ambulance
- Buses
- Trucks (4X2) 8500 lbs & under
- Trucks (4X4) 8500 lbs & under
- Trucks 8501 lbs to 16,000
- Trucks 16,001 and over

Utilization	# Of Miles	Percent
<i>Total</i>	<i>46,512,344</i>	<i>100%</i>
Sedans & Station Wagons	18,217,661	39%
Ambulance	1,654,681	4%
Buses	103,150	0%
Trucks (4X2) 8500 lbs & unde	9,849,806	21%
Trucks (4X4) 8500 lbs & unde	13,248,418	28%
Trucks 8501 lbs to 16,000	3,011,757	6%
Trucks 16,001 and over	426,871	1%

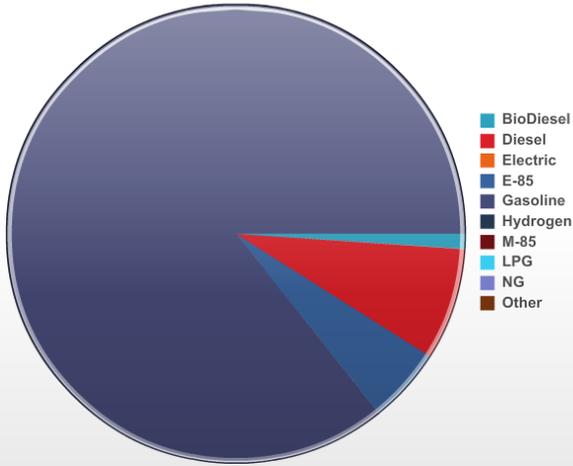
FUEL CONSUMPTION

HHS FLEET REPORT FOR FY 2011

Fuel Consumption by Dollars \$\$

February 15, 2012

Metric **Fuel Consumption**



Fuel Consumption	Dollars \$\$	Percent
Total	6,650,269	100%
BioDiesel	71,927	1%
Diesel	525,572	8%
Electric	0	0%
E-85	353,093	5%
Gasoline	5,699,414	86%
Hydrogen	0	0%
M-85	0	0%
LPG	0	0%
NG	263	0%
Other	0	0%

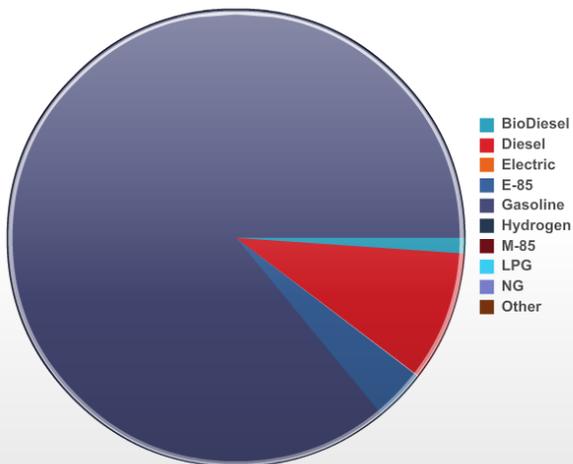
FUEL TYPE

HHS FLEET REPORT FOR FY 2011

Fuel Type by # Of Gallons

February 15, 2012

Metric **Fuel Type**



Fuel Type	# Of Gallons	Percent
Total	2,044,415	100%
BioDiesel	22,943	1%
Diesel	188,341	9%
Electric	0	0%
E-85	75,717	4%
Gasoline	1,757,390	86%
Hydrogen	0	0%
M-85	0	0%
LPG	0	0%
NG	24	0%
Other	0	0%