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HOW WASHTENAW COUNTY'S OUTSOURCED MAINTENANCE TURNED ITS LIGHT FLEET AROUND

After analyzing various options, Washtenaw County decided to outsource maintenance of its light-duty fleet. Not only was it the best projected option, but actual costs are coming in at lower than estimated costs.

BY THI DAO AND GREG BASICH

While most fleets achieve the best efficiencies through a combination of in-house services and outsourcing other repairs, one county fleet manager is finding a fleet management company worked best for his fleet. After analyzing the options, Bob Mossing, fleet manager and business manager for Washtenaw County, Mich., has seen significant savings as a result of outsourcing maintenance of his light-duty fleet.

ANALYZING THE PROBLEM

Mossing was hired from private sector

fleet management in 2007, to a fleet department that had a revolving door of fleet managers in the past, he said. As a result, the fleet was poorly managed, ran at a deficit, had poor customer service and slow return times, and was severely understaffed. The department, which maintained a fleet of about 300 passenger vehicles and light trucks, had a staff of two technicians. The Department of Public Works maintained a large fleet with its own garage, but consolidation wasn't feasible at the time.

Mossing analyzed previous costs as best he could and determined the operating budget for calendar-year 2005-2007 was \$878,000. He increased the labor rate by 143 percent in his first year to accurately reflect fully burdened rates. The rate was previously lower than technicians' hourly wages. This change resulted in an increase in operating budget to \$1.25M (budgeted for three years) and for the first time in a

long time, a balanced fleet fund.

"Every department [complained], but we explained to them that one way or another, you're going to pay for it because we were taking general fund dollars away just to cover the garage," Mossing said.

However, this still didn't solve the problem of customer satisfaction — the garage was still severely understaffed and departments with non-emergency vehicles sometimes had to wait a while before their vehicles were returned. "Our customer service rate, every time we evaluated it, was running about 30 percent. People were unhappy with the service," Mossing said. The rate did increase, but some departments still weren't getting vehicles serviced on time.

JUMPING AT AN OPPORTUNITY

When County officials told Mossing the County was going to renovate the jail — located in the same building where the garage

AT A GLANCE

Washtenaw County has found these advantages to outsourcing its maintenance:

- Lower maintenance costs.
- Improved customer service.
- Reduced administrative tasks.

CENTRAL OHIO FLEETS TO SHARE FLEET SERVICES

Some public sector fleets realize maintenance efficiencies by working with one another, as is the case with various municipalities in Ohio. In January, a number of municipalities in central Ohio formed a non-binding agreement to share a range of services, including fleet. The municipalities involved include the cities of Columbus, Gahanna, Dublin, Grandview Heights, Upper Arlington, Hilliard, Worthington, New Albany, and Westerville.

According to Kelly Reagan, fleet administrator for the City of Columbus, the memorandum of understanding (MOU) allows different municipalities to provide maintenance and repair services, and enter into one-year contracts with additional renewals. It also encourages cooperative purchasing for both parts and services.

For the City of Columbus, this is an insourcing opportunity. One example of a type of service Columbus can provide to other municipalities is emergency repair services.

"Since Columbus is a 24/7 operation, if a critical piece of fire or police equipment goes down on a weekend or in the middle of the night, we have the trained staff [with] certifications and experience to make the repairs and get them back up and running," Reagan said.

Training is another area where Columbus can provide services and expertise. Because the Columbus fleet is an EVT training and testing facility, it can train and test employees from other government entities and certify them for fire and police equipment repairs.

The City of Dublin is also looking to insource services through this contract, particularly for preventive maintenance (PM), according to J. Darryl Syler, fleet manager for the City of Dublin.

In addition to services, the City of Columbus can also provide better pricing on aftermarket parts due to its own volume purchases, Reagan said. The City will write contracts that allow other agencies to piggyback off the contract.

"We see this as a great opportunity to 'share services' where and when it makes sense," Reagan said. "We also see it as an opportunity to encourage partnering during times of economic distress."

was housed — they asked if they should renovate the garage as well or if he wanted to explore another solution. Mossing began studying four options:

1. Keeping maintenance in-house and hiring more technicians.
2. Sending work out directly to other national maintenance shops.
3. Partnering with the City of Ann Arbor for maintenance.
4. Working with a fleet management company (FMC).

Keeping maintenance in-house would require rebuilding the garage, putting in

nance history, providing monthly reports, and one monthly invoice reduces administrative tasks.

What's more, the County has been coming in at below the original estimated cost, at \$300,000 per year, or about \$357,000 less than the estimated three-year amount. "We are now operating at the lowest operating cost based on what we did before, and we can actually benchmark it year-over-year and see how we're doing," Mossing added. In the third quarter of 2011, the fleet was operating at \$0.05 per mile, down from \$0.08 per mile the same time in 2010.



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new equipment for the facility, and adding four additional staff members, a costly alternative. The second option, sending out work directly to shops, would also necessitate hiring employees for administration, expected to cost an estimated \$1.5M for three years. Partnering with the City didn't turn out to be the best option. The fleet department eventually chose LeasePlan USA, which submitted the winning proposal, expected to cost \$1.26M for three years, about equal to the fleet's operating cost. Mossing, however, expected it would come with better customer service, which it did.

One of the two fleet technicians retired when Mossing began, and the County had hired a temporary technician in his place. The other permanent technician, eligible for retirement, soon retired. As a result, no fleet personnel lost the jobs due to the change. The County did not have to renovate the garage, and department vehicles are serviced faster and report higher customer satisfaction. In addition, maintenance costs have been dropping.

"What we have now works very well. Our customers are getting the best service. We're operating our vehicles at the lowest operating cost than we've ever done it, and it's easy to budget," Mossing said.

Preventive maintenance is being performed on time, leading to less major repairs. The FMC tracks and stores mainte-

FIND A SOLUTION BASED ON FLEET NEEDS

Having come from private sector fleet management, where working with a fleet management company is more common, Mossing already had experience with the FMC that won the bid. However, while this solution worked for Mossing, he's not saying it's a good fit for everyone.

"We were in a position where it worked for us," Mossing said. "We had an outdated garage. We were in an area that was going to be renovated anyway, so we could have built a garage, but we were providing poor service and we were grossly understaffed. Because we were in the position we were in, and because we have a light-truck and sedan fleet, it made sense to us to go ahead and try this option."

For those fleets that maintain heavy equipment or already run a highly efficient fleet, this may not be the best alternative. But for those on the cusp of a large capital investment, or for those who can separate light vehicle maintenance from heavy equipment maintenance, Mossing said this may be an option to consider. ★

SOURCES

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