

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: PCS/CS/SB 326 (189108)

INTRODUCER: Appropriations Committee (Recommended by Appropriations Subcommittee on General Government); Governmental Oversight and Accountability Committee; and Senator Brandes

SUBJECT: State-owned Motor Vehicles

DATE: March 2, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Peacock</u>	<u>McVaney</u>	<u>GO</u>	<u>Fav/CS</u>
2.	<u>Davis</u>	<u>DeLoach</u>	<u>AGG</u>	<u>Recommend: Fav/CS</u>
3.	<u>Davis</u>	<u>Kynoch</u>	<u>AP</u>	<u>Pre-meeting</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

PCS/CS/SB 326 requires the Department of Management Services (DMS) to prepare a plan regarding the centralized management of state-owned motor vehicles. The bill requires the DMS to submit the plan to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1, 2017.

The DMS must evaluate the costs and benefits of operating and maintaining a centralized motor vehicle fleet compared to the costs and benefits of contracting with a third-party vendor for the operation and maintenance of a centralized motor vehicle fleet.

The bill has an indeterminate fiscal impact.

The bill takes effect upon becoming a law.

II. Present Situation:

Department of Management Services

One of the duties of the Department of Management Services (DMS) is to obtain the most effective and efficient use of motor vehicles, watercraft, and aircraft for state purposes.¹ Chapter 287, F.S., Part II: Means of Transport (ss. 287.14 – 297.20) governs the purchase or lease of motor vehicles.² Chapter 287, F.S., Part II, applies to motor vehicles, watercraft, and aircraft owned, leased, or acquired in any manner by any state agency, or the judicial branch.³ It is unlawful for a state officer or employee to authorize the purchase or continuous lease of any motor vehicle to be paid out of state funds or any agency funds unless such funds have been appropriated by the Legislature.⁴ All motor vehicles purchased or leased must be in the subcompact class, with exceptions for law enforcement, towing, transportation of more than three adults or bulk material, and vehicles operated on unpaved roads.⁵ Motor vehicles needed for an emergency or to meet unforeseen or emergency situations are allowed, if approved by the Executive Office of the Governor after consulting with the legislative appropriations committees.⁶ Vehicles for which replacement funds have been appropriated may not be retained in service unless an emergency or major unforeseen need exists.⁷ Any motor vehicle retained for this purpose must be reported to the Legislature in subsequent agency budget request documents that detail the specific justification for retention of each vehicle.⁸ Motor vehicles may not be acquired on a deferred payment contract that requires payment of interest or its equivalent except when specifically approved by the Governor's Office in consultation with the legislative appropriations committees.⁹

A state agency must obtain prior approval from the DMS for purchasing, leasing, or acquiring any motor vehicle, watercraft, or aircraft of any type.¹⁰ The DMS approval is not required for casual (short-term) lease of motor vehicles by state agencies.¹¹ Funding in the General Appropriations Act is not allowed for purchases of vehicles in excess of prices negotiated by the DMS.¹² Also, with the DMS approval, special authorization is given to the Department of Children and Families, the Agency for Persons with Disabilities, the Department of Health, the Department of Juvenile Justice, and the Department of Corrections to secure automobiles, trucks, tractors, and other automotive equipment for use at institutions, centers, residential facilities and county health departments under their respective jurisdictions.¹³

¹ Section 287.16, F.S.

² Section 287.14(2), F.S., defines the term "motor vehicle" as any automobile or light truck. Motor vehicle also includes any airplane or other vehicle designed primarily for transporting persons.

³ Section 287.20, F.S.

⁴ Section 287.14(3), F.S.

⁵ Section 287.151(1), F.S.

⁶ Section 287.14(3), F.S.

⁷ Section 287.14(4), F.S.

⁸ *Id.*

⁹ Section 287.14(5), F.S.

¹⁰ Section 287.15, F.S.

¹¹ *Id.*

¹² Section 287.151(2), F.S.

¹³ Section 287.155, F.S.

Use of state-owned or leased vehicles or aircraft is limited to travel necessary to carry out employee job assignments, official state business, security and emergency activity.¹⁴ State employees whose duties are those of law enforcement¹⁵ have more latitude in their use of state owned or leased motor vehicles for official state business.¹⁶ Use of a state owned or leased motor vehicle for commuting is prohibited unless special assignment is authorized as a prerequisite by the DMS, the vehicle is required after hours to perform position duties, or an employee's home is his or her official base of operations.¹⁷ A state agency head may assign a motor vehicle to a state officer or employee only if the officer or employee is projected to drive the motor vehicle a minimum of 10,000 miles annually on state business, unless the agency head provides written justification for the need of the assignment of the motor vehicle.¹⁸ Priority for vehicle assignment is given to those state employees who drive over 15,000 miles annually on state business.¹⁹

Bureau of Fleet Management

The Bureau of Fleet Management and Federal Property Assistance within the DMS provides oversight responsibility for the state's fleet of motor vehicles and mobile equipment, along with the federal surplus property program.²⁰ The Bureau of Fleet Management manages the purchase, operation, maintenance and disposal of the state's fleet of motor vehicles and watercraft.²¹ The state's fleet includes approximately 25,000 units, consisting of automobiles and light trucks, medium and heavy trucks, aircraft, construction and industrial equipment, marine equipment (e.g., boats, airboats, boat engines, etc.), trailers, tractors and mowers, small utility, motorcycles and all-terrain vehicles.²² The Division of Fleet Management determines the motor vehicles and watercraft included on state contracts, develops technical bid specifications and assists in evaluating contracts.

The Division of Fleet Management operates the Florida Equipment Electronic Tracking (FLEET) system, which provides the management, reporting and cost information required to

¹⁴ Section 287.17(2)(a)-(d), F.S.

¹⁵ Section 943.10(1), F.S., defines the term "law enforcement officer" as any person who is elected, appointed, or employed full time by any municipality or the state or any political subdivision thereof; who is vested with authority to bear arms and make arrests; and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic, or highway laws of the state. This definition includes all certified supervisory and command personnel whose duties include, in whole or in part, the supervision, training, guidance, and management responsibilities of full-time law enforcement officers, part-time law enforcement officers, or auxiliary law enforcement officers but does not include support personnel employed by the employing agency.

¹⁶ Section 287.17(3)(b), F.S., provides that the term "official state business" shall be construed to permit the use of the vehicle during normal duty hours to and from lunch or meal breaks and incidental stops for personal errands, but not substantial deviations from official state business, if such use is at the direction of or with the permission of the agency head.

¹⁷ Section 287.17(3)(a), F.S.

¹⁸ Section 287.17(4)(a), F.S.

¹⁹ *Id.*

²⁰ See http://www.dms.myflorida.com/business_operations/fleet_management_and_federal_property_assistance (last visited on Oct. 26, 2015).

²¹ See http://www.dms.myflorida.com/business_operations/fleet_management_and_federal_property_assistance/fleet_management (last visited on Oct. 26, 2015). Also, see Chapters 60B-1(Motor Vehicles and Watercraft Acquisition, Assignment and Use) and 60B-3(Disposal of Motor Vehicles, Watercraft, and Aircraft), F.A.C.

²² See http://www.dms.myflorida.com/business_operations/fleet_management_and_federal_property_assistance (last visited on Dec. 14, 2015).

effectively and efficiently manage the state's fleet and to account for equipment use and expenditures. The FLEET Online System:²³

- Requires agencies to keep records and make reports regarding the effective and efficient use, operation, maintenance, repair and replacement of automobiles, light trucks, small and large (greater than 1 ton) vehicles and equipment designed primarily for transporting people and legal to operate on public roads, watercraft and aircraft; and
- Assures the efficient and safe use of motor vehicles and that they are used only for official state business.

The goals of the Division of Fleet Management are to:²⁴

- Ensure the state purchases quality and energy efficient motor vehicles, equipment and watercraft;
- Achieve maximum feasible return from disposal of used and surplus equipment;
- Return surplus equipment to governmental service when practical;
- Restrict use of state equipment to official state business;
- Provide management reports and data required to properly manage state fleet; and
- Provide reports to assure accountability of equipment expenditures and use.

Climate-Friendly Public Business Provisions

Section 286.29, F.S., outlines climate-friendly public business provisions required by state agencies. Some of these practices include requiring all state agencies to ensure that all maintained vehicles meet minimum maintenance schedules shown to reduce fuel consumption.²⁵ Each agency must measure and report compliance to the DMS through the Equipment Management Information System database.²⁶ Also, state agencies, universities, community colleges, and local governments that purchase motor vehicles under a state purchasing plan are required to define the intended purpose of vehicle and use class for which vehicle is being procured.²⁷ Additionally, all state agencies must use ethanol and biodiesel blended fuels when available.²⁸ State agencies with central fueling operations for state-owned vehicles must procure biofuels for fleet needs to the greatest extent practicable.²⁹

State Agency Fleets

Table 1 shows the various fleets of state agencies. Some state agencies report heavy equipment in the FLEET system, but the DMS cannot state definitively that this data accurately reflects all heavy equipment owned or leased by state agencies.³⁰ The list of aircraft in Table 1 also is not complete as some agencies with aircraft do not document this data in the FLEET system.³¹ The

²³ *Id.*

²⁴ *Id.*

²⁵ Section 286.26(3), F.S.

²⁶ *Id.*

²⁷ Section 286.29(4), F.S.

²⁸ Section 286.29(5), F.S.

²⁹ *Id.*

³⁰ E-mail from Ricky Moulton, Deputy Director of Legislative Affairs, DMS, dated November 5, 2015 (copy of e-mail on file with the Governmental and Accountability Committee).

³¹ *Id.*

DMS is in the process of requiring all state agencies to report their inventory of aircraft in the FLEET system.³² Table 2 shows the funds appropriated to the various agencies for the purchase of vehicles during the last five fiscal years.

Table 1. Agency Fleets

Agency	Vehicles	Aircraft	Water-craft	Heavy Equipment	Other*
First District Court of Appeals	1	-	-	-	-
Agriculture and Consumer Services	2,694	26	32	539	1,121
Agency for Health Care Administration	1	-	-	-	-
Agency for Persons with Disabilities	333	-	1	-	-
Business and Professional Regulation	510	-	-	-	-
Citrus Commission	1	-	-	-	-
Children and Families	511	-	-	-	-
Economic Opportunities	5	-	-	-	-
Environmental Protection	1,148	-	84	10	256
Financial Services	522	-	-	7	55
Juvenile Justice	557	-	-	-	14
Law Enforcement	662	3	-	-	-
Military Affairs	110	-	-	-	-
Management Services	74	-	-	-	3
Education	43	-	-	-	-
Health	379	-	-	-	-
Lottery	204	-	-	2	-
Revenue	15	-	-	2	-
State	24	-	3	-	-
Transportation	3,249	1	51	888	712
Veterans' Affairs	19	-	-	-	-
Executive Office of the Governor	26	-	-	-	-
Florida Commission on Offender Review	2	-	-	-	-
Corrections	2,932	-	-	22	158
Fish and Wildlife Conservation Commission	1,821	-	827	43	158
Highway Safety and Motor Vehicles	2,921	9	-	29	129
Justice Administration Commission	604	-	-	-	-
Northwood State Resource Center	1	-	-	-	-
Office of the Attorney General	135	-	-	-	-
Public Service Commission	25	-	-	-	-
School for the Deaf and Blind	45	-	-	-	-
TOTALS	19,574	39	998	1,542	2,606

³² *Id.*

Agency	Vehicles	Aircraft	Water-craft	Heavy Equipment	Other*
*Other includes tractors, trailers, mowers, all-terrain vehicles, etc.					

Table 2. Five year history of appropriations relating to vehicle acquisition and replacement.

Agency	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
First District Court of Appeals	-	-	-	-	-
Agriculture and Consumer Services	100,000	606,500	1,042,758	1,521,286	2,791,165
Agency for Health Care Administration	-	-	-	-	-
Agency for Persons with Disabilities	-	-	-	-	-
Business and Professional Regulation	892,346	990,346	1,011,346	917,346	1,373,768
Citrus Commission	-	-	-	-	-
Children and Families	20,000	20,000	20,000	20,000	20,000
Economic Opportunities	-	-	-	21,000	-
Environmental Protection	141,135	141,135	301,135	141,135	515,288
Financial Services	790,217	869,417	790,217	1,833,523	1,240,217
Juvenile Justice	459,285	459,285	459,285	459,285	459,285
Law Enforcement	973,173	973,173	973,173	1,120,173	1,569,369
Military Affairs	253,678	849,678	897,178	743,809	363,678
Management Services	-	-	-	-	-
Education	100,000	100,000	100,000	100,000	100,000
Health	3,033,109	3,033,109	3,033,109	2,077,641	2,041,109
Lottery	177,070	340,000	340,000	1,205,000	340,000
Revenue	-	-	-	57,988	-
State	-	-	-	21,000	56,132
Transportation	4,210,602	4,270,602	4,210,602	4,210,602	4,245,602
Veterans' Affairs	-	-	391,299	-	23,750
Executive Office of the Governor	73,648	175,000	120,000	65,000	65,000
Florida Commission on Offender Review	-	-	-	-	-
Corrections	4,653	454,653	504,653	504,653	2,254,653
Fish and Wildlife Conservation Commission	12,500	600,177	438,707	12,500	12,500

Agency	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Highway Safety and Motor Vehicles	9,400,130	11,136,314	12,487,111	10,959,291	12,228,311
Justice Administration Commission	440,733	3,138,258	1,833,586	1,784,242	1,546,578
Northwood State Resource Center	-	-	-	-	-
Office of the Attorney General	257,478	257,478	257,478	257,478	300,000
Public Service Commission	72,055	72,055	-	50,538	-
School for the Deaf and Blind	-	-	-	-	-
TOTALS	\$21,411,812	\$28,487,180	\$29,211,637	\$28,083,490	\$31,546,405

FLEET Management Business Case

The Fiscal Year 2013-2014 General Appropriations Act included \$224,000 to fund a FLEET Management Business Case (Business Case). The DMS contracted with Mercury Associates, Inc., in July 2013 to identify the best options for managing the state's fleet and to document recommendations in a formal business case.³³ The Business Case presents a strategic review of fleet management activities in the state and contains an analysis report and recommendations for improving the performance and cost effectiveness of Florida's state-wide fleet operations. The program areas of focus included:

- Business Case
 - Background information;
 - Evaluation of options;
 - Information or recommended options; and
 - Cost benefit analysis.
- Review and recommend fleet options, management tools, policies and performance measure to support agency travel needs.
- Develop business and functional requirements for a Quality Assurance Program including a system for tracking key performance measures and controlling costs through accountability.
- Review and recommend the target size for the state fleet.³⁴

The Business Case was completed in December 2013 and concluded that the FLEET system is the least capable system we [Mercury Associates, Inc.] have encountered in any of the 34 states they have reviewed.³⁵ As a consequence, much of the detailed data Mercury required to conduct this study was either not available or was only available at a summary level.³⁶ In addition, the Business Case identified 43 detailed recommendations. These recommendations were

³³ See https://www.justiceadmin.org/jac/Fleet_Management_Business_Case_Final.pdf (last visited December 17, 2015).

³⁴ Contract Between Florida Department of Management Services and Mercury Associates, Inc., Contract No.: DMS-12/13-008, FLEET Management Consulting Services, Attachment B-Scope of Work. See <https://facts.fldfs.com/Search/ContractDetail.aspx?AgencyId=720000&ContractId=MP004>

³⁵ See https://www.justiceadmin.org/jac/Fleet_Management_Business_Case_Final.pdf (last visited December 15, 2015).

³⁶ *Id.*

summarized into areas in the DMS's Legislative Budget Request, Schedule IV-B, and are summarized below:

- Fleet Administration - Expand the DMS role and increase staff resources to provide increased and centralized oversight, analysis, and services to manage the state's fleet.
- Fleet Management Information System - Replace the existing in-house developed system (FLEET) with a more robust, fully featured and user friendly, intuitive Commercial Off the Shelf (COTS) application that allows easy distribution of information to all fleet users, customers, and management in a real-time environment.
- Fleet Replacement and Financing - Centralize fleet replacement planning and budgeting in the DMS, identify optimal replacement cycles for key types of vehicles, develop a long-term fleet replacement planning program, and adopt leasing as the primary means of financing fleet renewal.
- Fleet Size and Utilization - Conduct a study to reduce the size of the fleet by eliminating low use vehicles, study the feasibility of establishing shared-use motor pool locations in Tallahassee, develop and implement an ongoing fleet utilization monitoring system, and mandate the use of charge-back rates as a financial incentive for agencies to maintain an optimized fleet size.
- Fleet Acquisition - Develop, formalize and document a policy and process for vehicle specification, solicitation and selection that incorporates best practice elements.
- Fleet Disposal - Conduct an analysis of the cost and benefits of employing various resale methods to dispose of vehicles. Use the results to establish core methods for various types of equipment. Formalize and document a policy and process for vehicle disposal that incorporates the best practice elements, including minimizing days to sale and return of funds to the agency fleet. Establish performance metrics to actively monitor and manage disposal outcomes.
- Fleet Maintenance and Repair - Open shops to all agencies; develop standards and consistent shop procedures; consolidate shops; outsource large shops and outsource all sublet repair to a maintenance service provider.
- Fleet Fueling - Review the current state contract for bulk fuel; complete a justification audit of all current sites; develop uniform pricing, chargeback and processing methods; develop and implement a fuel management program; establish electronic interface for fuel, mileage and repair data.³⁷

III. Effect of Proposed Changes:

Section 1 requires the Department of Management Services (DMS) to prepare a plan for the creation, administration, and maintenance of a centralized fleet of state-owned motor vehicles. The DMS must submit the plan to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1, 2017.

The plan must provide a method for:

³⁷ Fiscal Year 2016-2017, DMS LBR Manual Exhibits, Issue 4400600 Schedule IV-B page 204, document available on the Florida Fiscal portal at <http://floridafiscalportal.state.fl.us/Document.aspx?ID=13920&DocType=PDF>

- Using break-even mileage³⁸ in the assignment and administration of motor vehicles to state agencies and employees to determine when it becomes cost effective to the state to provide assigned motor vehicles to employees;
- Managing a fleet of motor vehicles for short-term use and shared-use motor vehicle pools;
- Developing a motor vehicle replacement plan and budget, which must take into account operating and maintenance costs of the centralized fleet;
- Purchasing motor vehicles necessary for the operation of the centralized fleet;
- Repairing and maintaining motor vehicles;
- Monitoring the use of motor vehicles and enforcing regulations regarding proper use;
- Maintaining records related to the operation and maintenance of motor vehicles and the administration of the fleet;
- Disposing of motor vehicles that are no longer needed or the use of which is not cost effective;
- Monitoring and managing motor vehicle disposal outcomes to determine the most cost-effective method of disposing fleet vehicles;
- Implementing a fuel management program and a standardized methodology for reporting fuel data;
- Determining when it would be cost-efficient to lease a motor vehicle from a third-party vendor instead of using a state-owned motor vehicle;
- Determining when it would be cost-efficient to use alternative fuel vehicles, electric vehicles, or extended-range electric vehicles or to lease or purchase such vehicles for fleet use; and
- Equipping fleet motor vehicles with real-time locational monitoring systems.

The DMS must evaluate the costs and benefits of operating and maintaining a centralized motor vehicle fleet compared to the costs and benefits of contracting with a third-party vendor for the operation and maintenance of a centralized motor vehicle fleet.

Section 2 provides that the bill shall take effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandate restrictions do not apply because the bill does not require counties and municipalities to spend funds, reduce counties' or municipalities' ability to raise revenue, or reduce the percentage of a state tax shares with counties and municipalities.

³⁸ A breakeven analysis identifies the mileage at which vehicles should be purchased as opposed to the state agency reimbursing employees for work mileage in their personal vehicles. See http://www.dms.myflorida.com/content/download/98763/571269/Fleet_Management_Business_Case_Final.pdf (last visited Oct. 26, 2015). Also, see Office of Program Policy Analysis & Governmental Accountability, The Florida Legislature, *Centralizing Vehicle Fleet Operations and Implementing Cost-Saving Strategies Could Reduce State Spending*, Report No. 11-16 (April 2011) (copy on file with the Governmental Oversight and Accountability Committee). DMS calculated that the breakeven point for assignment of a state-owned vehicle at 7,448 miles driven for a 2010 Ford Fusion, the type of vehicle most state employees require.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The fiscal impact of PCS/CS/SB 326 is indeterminate. It is unknown at this time if the DMS would utilize contract services or agency staff to develop the plan required in the bill.

C. Government Sector Impact:

The fiscal impact of the bill is indeterminate. The Legislature appropriated \$224,000 during the 2013 Session for the FLEET Management Business Case (Business Case), which provided recommendations, a plan, costs and benefits, and implementation timelines. The plan required of the DMS by the bill may have a similar fiscal impact.

The plan required of the DMS, if implemented, may identify significant indeterminate cost-savings to the state comparable to costs and benefits provided in the Business Case. Based on the Business Case, opportunities to achieve cost savings include a five year cumulative benefit of implementing the operating best practice recommendations (estimated at \$8.8 million annually) and right sizing recommendations (estimated at \$2.1 million annually) that total \$26.8 million in projected savings.³⁹

According to the DMS, a thorough fiscal analysis of the costs associated with this bill cannot be conducted with the current Florida Equipment Electronic Tracking (FLEET) system.⁴⁰ The current FLEET system does not provide the granularity in data to assign costs to specific activities.⁴¹ A new Fleet Management Information system is needed to extract key data elements, track performance, identify costs and provide reports⁴² and has been requested in the agency's Fiscal Year 2016-2017 Legislative Budget Request for \$1,761,243. The DMS has stated that it would need at least two years to collect the data

³⁹ See https://www.justiceadmin.org/jac/Fleet_Management_Business_Case_Final.pdf (last visited December 17, 2015).

⁴⁰ See *2016 Department of Management Services Legislative Bill Analysis for SB 326*, September 24, 2015 (on file with Senate Appropriation Subcommittee on General Government) at 4.

⁴¹ *Id.*

⁴² *Id.*

necessary to provide the information requested in the plan, including the time necessary to complete the new system.⁴³

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates a new section of law that most likely will not be codified in the Florida Statutes because of its time-limited application.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS/CS by Appropriations Subcommittee on General Government on February 11, 2016:

The committee substitute changes the date that the plan is to be submitted from November 1, 2016, to November 1, 2017, which allows the DMS an additional year to prepare the plan.

CS by Governmental Oversight and Accountability on November 17, 2015:

CS/SB 326 differs from SB 326 in the following way:

- The DMS centralized fleet management plan must provide methods for determining when it would be cost effective to use alternative fuel vehicles, electric vehicles, or extended-range electric vehicles or to lease or purchase such vehicles for fleet use rather than providing methods for determining when it would be cost effective to use alternative fuels or to lease or purchase alternative energy motor vehicles for fleet use.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

⁴³ FLEET Management Briefing with DMS staff on December 15, 2015.