SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: March 24, 1998 Revised: 03/26/98

Subject: State Motor Pool; Authorizing DMS to Operate a Pool from which Agencies Lease Vehicles

	Analyst	Staff Director	Reference	Action
1.	Lombardi	Wilson	GO	Favorable/CS
2.	Akins	Smith	WM	Fav/1 amendment
3.				
4.				
5.				

I. Summary:

The bill directs agency heads with oversight from agency's inspector general, to complete a review by December 31, 2000, auditing their respective agency employees biennially to determine if assigned motor vehicles are being used in the most efficient manner using a break-even mileage analysis developed by the Department of Management Services (DMS). Additionally, agency heads are directed to follow specific criteria for special assignment of motor vehicles.

This act will take effect July 1, 1998.

The bill amends the following sections of the Florida Statutes: 20.055, 287.16, and 287.17.

II. Present Situation:

Chapter 287, F.S., relates to the procurement of commodities and services by executive agencies. The Department of Management Services (DMS) has primary responsibility for administering the state's procurement laws. Part II of the chapter, including ss. 287.14-287.20, F.S., relates to means of transport, including state aircraft and motor vehicles. The Division of Motor Pool of DMS, consisting of the Bureau of Aircraft and the Bureau of Motor Vehicles and Watercraft, manages a small fleet of aircraft and automobiles that are used by various state officers and employees.

The Bureau of Motor Vehicles and Watercraft of DMS currently develops technical specifications for use by all state agencies in the purchase of vehicles. The bureau also approves all agency vehicle purchases, develops the rules governing agency-owned vehicles, administers the state petroleum credit card system used by all agencies, and manages the disposal of all state vehicles. The bureau also owns and operates an estimated 150 automobiles. According to the chief of the

Bureau of Motor Vehicles and Watercraft, the Motor Vehicle Trust Fund has supported the maintenance and replacement of the bureau's vehicles since 1971.

Other agencies also operate vehicles for use within their respective agencies. Section 287.15, F.S., requires an agency to first obtain a specific legislative appropriation and the permission of DMS before acquiring a motor vehicle, watercraft, or aircraft of any type. According to information compiled by the DMS Bureau of Motor Vehicles and Watercraft, the various state agencies currently collectively own an estimated 12,500 passenger-carrying vehicles, including automobiles, light trucks, i.e., trucks weighing up to 1 ton; utility vehicles; vans; and other similar vehicles. These vehicles represent an investment of over $135 million.

Since July 1996, the Office of Program Policy Analysis and Government Accountability (OPPAGA) has conducted five audits relating to agency use of motor vehicles and aircraft. The first two audit reports were released July 29, 1996, and were entitled *Review of the Use of Assigned State Vehicles* and *Review of the Equipment Management Information System*. The latter report reviewed the efficacy of EMIS, the mainframe-based information system used by 26 executive agencies to track the use and maintenance of their respective motor vehicles. On September 25, 1996, OPPAGA released an audit entitled *Review of State Vehicle Maintenance*, and on October 16, 1996, another audit, entitled *Review of Personal Vehicle Use by State Employees* was released. A fifth audit, entitled *Review of State Vehicle Fleet Purchasing* was released in May 1997. The series of OPPAGA reports has made several suggestions for streamlining the current system for procuring, maintaining, and replacing motor vehicles among agencies.

The report *Review of State Vehicle Fleet Purchasing*, that OPPAGA released in May 1997, presents several alternatives to the current decentralized system for purchasing, maintaining, and replacing passenger vehicles that are used by state agencies. OPPAGA estimates that its alternatives would be more efficient and effective than the state's current decentralized management of state agency vehicles. The report also notes that centralizing the state motor pool likely would reduce the management problems identified in the report and in several other related OPPAGA audits.

The office of agency inspector general is created in s. 20.055, F.S. Agency inspectors general are assigned various tasks by law and by their respective agency heads. One of the duties of an agency inspector general is to review programs and activities within an agency to ensure their effectiveness and efficiency. Agency inspectors general currently have no statutory responsibility to review the use of state-owned motor vehicles by employees of their respective agencies.

Section 287.17, F.S., sets the statutory limits for employee use of motor vehicles and aircraft. Each agency head is directed to authorize the use of state motor vehicles, but only if the use is for official state business. The law states that a state-owned automobile may not be used for personal business or commuting unless DMS has approved the assignment of an automobile as a perquisite for an employee. A state automobile may be used for commuting if the employee is required to perform his or her duties in hours other than the normal work hours, i.e., if the employee is "on call." The law also authorizes an employee to use a state automobile for commuting if the employee's home is his or her base of operation.

III. Effect of Proposed Changes:

The Division of Motor Pool is directed to calculate the break-even mileage at which it becomes cost-effective for the state to assign a motor vehicle to an employee. The division would calculate this figure every 2 years and report the figure to each agency head.

The limitations on the use of state motor vehicles and aircraft in s. 287.17, F.S., also would be amended. The conditions under which an agency head may assign a motor vehicle to an employee would be changed to allow the assignment of an automobile only to an employee who is projected to drive 10,000 miles or more annually on official state business. Commuting mileage would be excluded from the calculations to project estimated mileage. Priority in assigning automobiles would be given to an employee projected to drive 15,000 miles or more during a year. An agency head could assign a vehicle to an employee projected to drive fewer miles if the agency head provides written justification.

An agency head would be authorized to assign a motor vehicle to a state employee who performs law enforcement duties. However, a pursuit vehicle could be assigned only to an employee who routinely performs patrol or similar duties that require a vehicle equipped for pursuit.

Section 20.055, F.S., relating to the duties of agency inspectors general, also would be amended. Agency heads with oversight from agency's inspector general, are directed to review the motor vehicle utilization of his or her respective agency biennially in an effort to determine whether employees who are assigned a state vehicle are using the vehicles sufficiently to promote efficiency. The review would also identify employees who may need a state vehicle to perform more effectively.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Cost to the state in implementing the provisions of this bill would be insignificant. OPPAGA estimates the provisions of this bill would result in the following estimated savings to the state.

By restricting the assignment of state automobiles to only those employees projected to drive the automobile 10,000 or more miles, there is a savings projected of $2 million over what agencies currently spend to purchase and maintain automobiles for their employees.

Similarly, OPPAGA estimates that by reassigning automobiles currently owned by agencies to those employees who drive 15,000 or more miles on official state business annually, could yield a savings of up to $1.7 million.

By restricting the assignment of pursuit vehicles to only those law enforcement officers engaged in patrol or similar activities, OPPAGA projects a savings of $7,400 per automobile, and an aggregate savings of more than $1 million.

VII. Related Issues:

The OPPAGA report, *Review of State Vehicle Fleet Purchasing*, that OPPAGA released in end May 1997, suggests several alternatives to the current decentralized system employed by state agencies for purchasing and maintaining vehicles. One alternative offered by OPPAGA would be to create a centralized motor pool in DMS that is supported by a revolving fund. The DMS Bureau of Motor Vehicles and Watercraft currently performs this duty on a small scale, i.e., 150 vehicles versus the entire fleet of 12,000 vehicles owned and operated by all agencies. In the draft of its report, OPPAGA states:

> Under this option, the state would establish a centralized motor pool [in which one agency, e.g., DMS] would buy all state passenger vehicles. DMS would coordinate vehicle purchasing and provide each agency with the types of vehicles it needs. DMS would retain title to the vehicles for insurance reasons, but would lease the vehicles to the agencies. . . . DMS would also set the lease rates for each agency based on the amount needed to buy new vehicles for the agency once [a vehicle has achieved its maximum utility.] The lease payments would be placed in a trust fund, thus generating a system that would be self-supporting. DMS currently uses this system for its state motor pool, which provides about 150 vehicles for [use by state employees to meet short-term, individual trip needs.]

The OPPAGA report offers several different methods for consideration in structuring a centralized motor pool for use by state agencies. In reviewing the alternatives, however, the report states "establishing a centralized motor pool operated by DMS has the most advantages. This option would reduce or eliminate the fleet management problems" identified by the report. Among the advantages of a centralized motor pool would be a more streamlined purchasing process, consistent funding for replacement vehicles, and accurate monitoring of vehicle utilization. OPPAGA also found that the current system, which is dependent upon the fluctuations of the state's budget cycle, causes motor vehicles to be used longer than is recommended. This occurs because vehicle replacement funding frequently is not available at the same time an agency requests the replacement funding.

OPPAGA also notes in its report that a more centralized motor pool could provide greater oversight of vehicle utilization. Centralized record keeping and invoicing could provide agency managers with more timely and accurate information regarding vehicles that may be under-used and therefore not necessary for the effective operations of the agency.

VIII. Amendments:

1 by Ways and Means:
Provides that state attorneys and public defenders are not limited to the purchase of subcompact vehicles.