



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

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Fleet Management

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Fleet Management

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Centralize fleet management under a professional manager. This centralizes ownership and maintenance of all city vehicles and equipment under a separate stand-alone department. For many cities, fleet has traditionally been organized as a division within the public works department. However, it is very difficult for fleet to keep the independence and objectivity it needs if the fleet manager reports to another department head.

Benefits of centralized fleet management include:

- The ability to obtain the optimum usage of every vehicle and piece of equipment and thereby reduce the size of the city's fleet. By having full ownership, fleet can decide the best time to surplus a vehicle or piece of equipment either because of its operating cost or its retail value. As the centralized owner, fleet would also be able to determine if a vehicle or piece of equipment could be used by another department versus being sent to surplus.
- The ability to right-size the fleet. According to *Smart Planning for Communities, Province of BC* (Fraser Basin Council and the Union of BC Municipalities copyright 2012) vehicle and fleet right-sizing is a core process that involves analyzing and understanding the collection of tasks that you need your fleet to accomplish. This includes coordination and scheduling considerations. Once you have a picture of the vehicles required to complete those tasks, you can minimize the assets that you do hold, and reduce the capital investment in your fleet, while still completing required tasks.
- The ability to standardize specifications. This would result in the development of one set of specifications for sedans, one set of specifications for backhoes, etc. It would ensure each set of specifications received the highest level of development expertise. Decisions on equipment acquisition would be made on an objective analysis versus driver/operator preference. Standardizing specifications equates to maintenance and repairs efficiencies.
- The ability to internalize the current repair cost issues in terms of returns, labor rates and parts mark-up through renting or leasing the vehicles and equipment to the user departments on a fixed rate basis. Detailed costs breakdowns show department managers where their dollars are being spent, and the true cost of owning/operating vehicles and equipment. Lease rates for each respective type of vehicle or piece of equipment could be based on (1) a fixed annual amount, (2) a fixed monthly amount, (3) a fixed hourly rate, (4) a rate per mile or (5) some combination of the above.
- The ability to alleviate the budget confusion and uncertainty for user departments.
- The ability to maximize the benefit of a "reserve" fleet, with minimum resources. Fleet would, where appropriate, either develop an internal reserve fleet of sedans, pickups, police cruisers, backhoes, etc., or secure an external rental option depending on which option is more cost efficient. This would reduce/eliminate user departments' lost production time due to equipment failure.
- The ability for the city to have a centralized focus in pride of ownership of its fleet, thereby keeping it clean, painted and in good operating order.
- The ability to develop a city-wide fleet replacement fund.

Procure a fleet manager to oversee operations. A good manager will have the training, skills and know-how to run fleet operations. He/she will be skilled in leadership and management and be a good communicator. Other attributes of a good manager include:

- Ability to analyze staff, organizational structures and business practices, and make changes as needed to obtain greater efficiency and effectiveness.

- Ability to examine/develop programs pertaining to vehicle disposal and replacement, parts management and fuel management. This includes asking:
 - Does the operating department have a continuing need for the vehicle or equipment?
 - Is the fleet effective and right sized?
 - Can the vehicle be shared?
 - Can a vehicle be reassigned for optimal utilization?
 - Can a shared construction equipment motor pool be established?
 - Can under-utilized vehicles be deleted from the fleet?
 - Will an alternative fuel, hybrid or electric vehicle meet the needs of the operating department?
 - Someone who will evaluate green initiatives and be knowledgeable about and open to cost effective innovations and challenges such as:
 - Use of renewable fuels
 - Rising cost of emission control systems
 - Training of technicians to service new technologies
 - Fuel availability
 - Be able to manage procurement, inventory control, financial accounting, preventive maintenance, mechanic certification, etc.
 - Someone who will consider factors such as fuel economy, life cycle costs and improved productivity, as well as low bid in procurement decisions.
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