



# Regulation and Neighborhood Affairs Committee

Fleet Management Department

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# Overview

- Historical Perspective of Fleet Procurement
- Fleet Management Department Challenges



# Historical perspective of fleet procurement

- Fleet equipment acquisitions have been inconsistent and at a lower rate than replacement guidelines.



# Fleet Funding

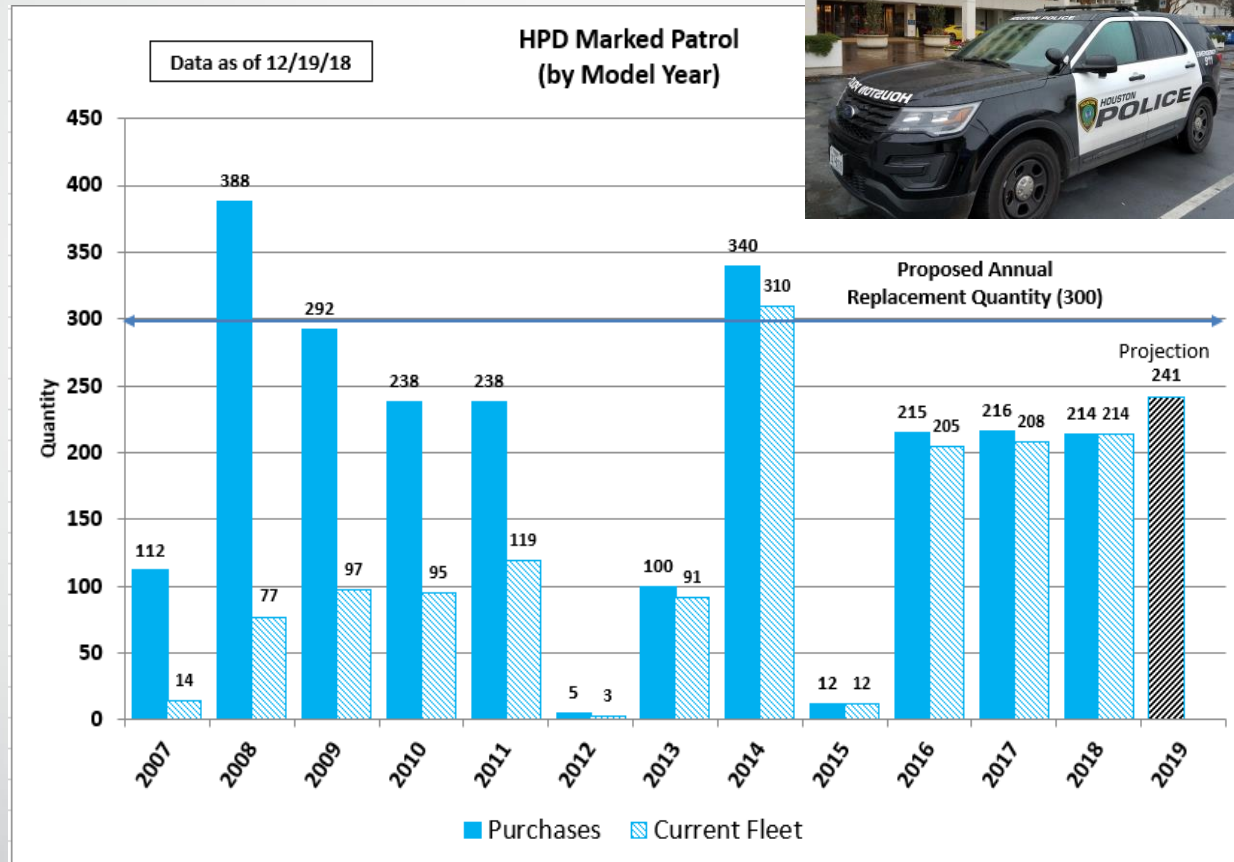


- Replacement cost of current General Fund fleet: \$460MM
- Annual budget requirement to maintain best fleet best practice lifecycle replacement: \$63MM annually
- Highest CIP budget: 2007 - \$42MM
- Lowest CIP budget: 2013 - \$11.3MM
- Average CIP budget: \$23.8MM

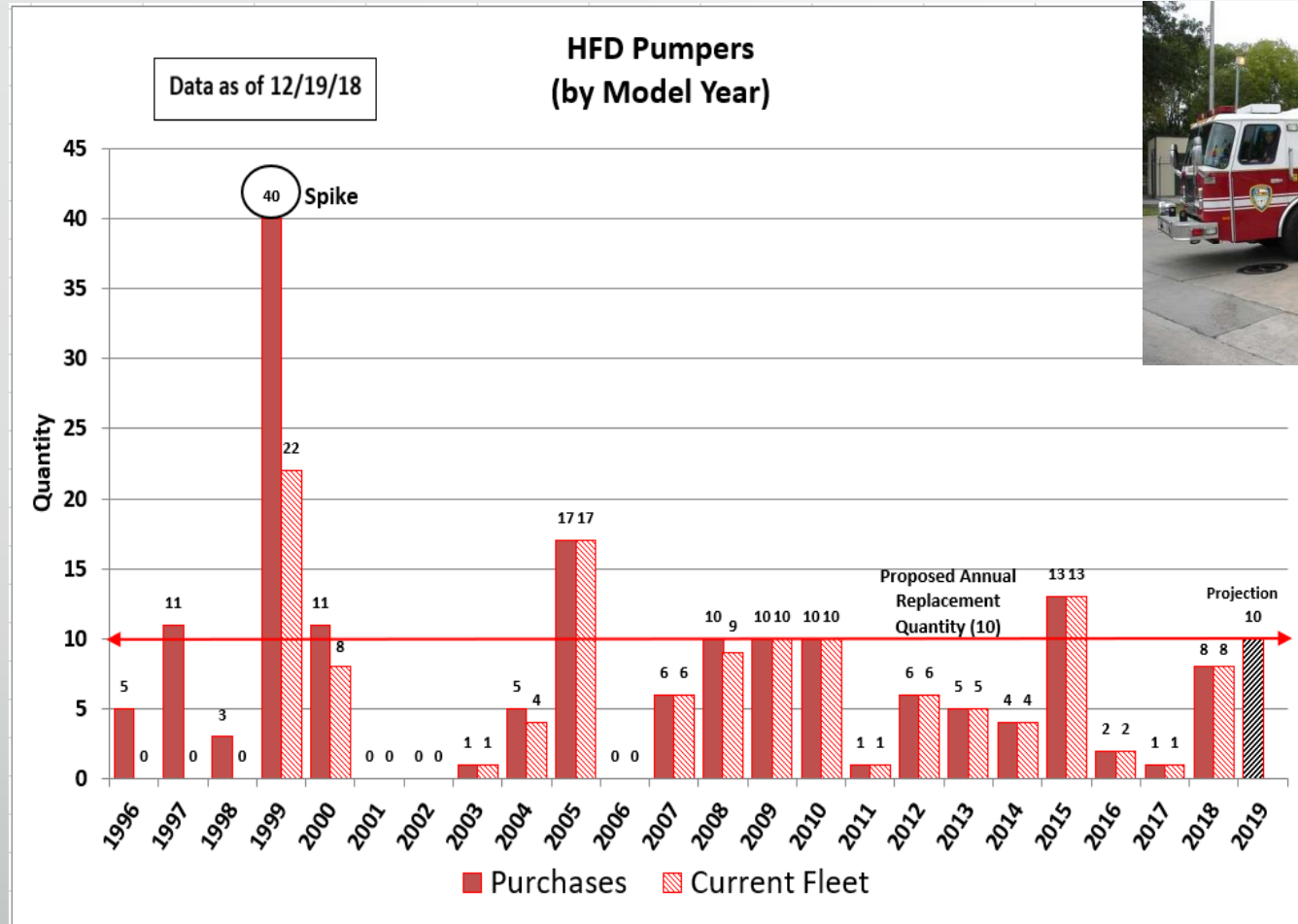
# Houston Police Department

## (Marked Patrol Units)

1. Vehicle purchases have been erratic.
2. 2008 analysis shows dept. should acquire 275 – 300 units annually.
3. Past 10-year avg. has been <200/yr.



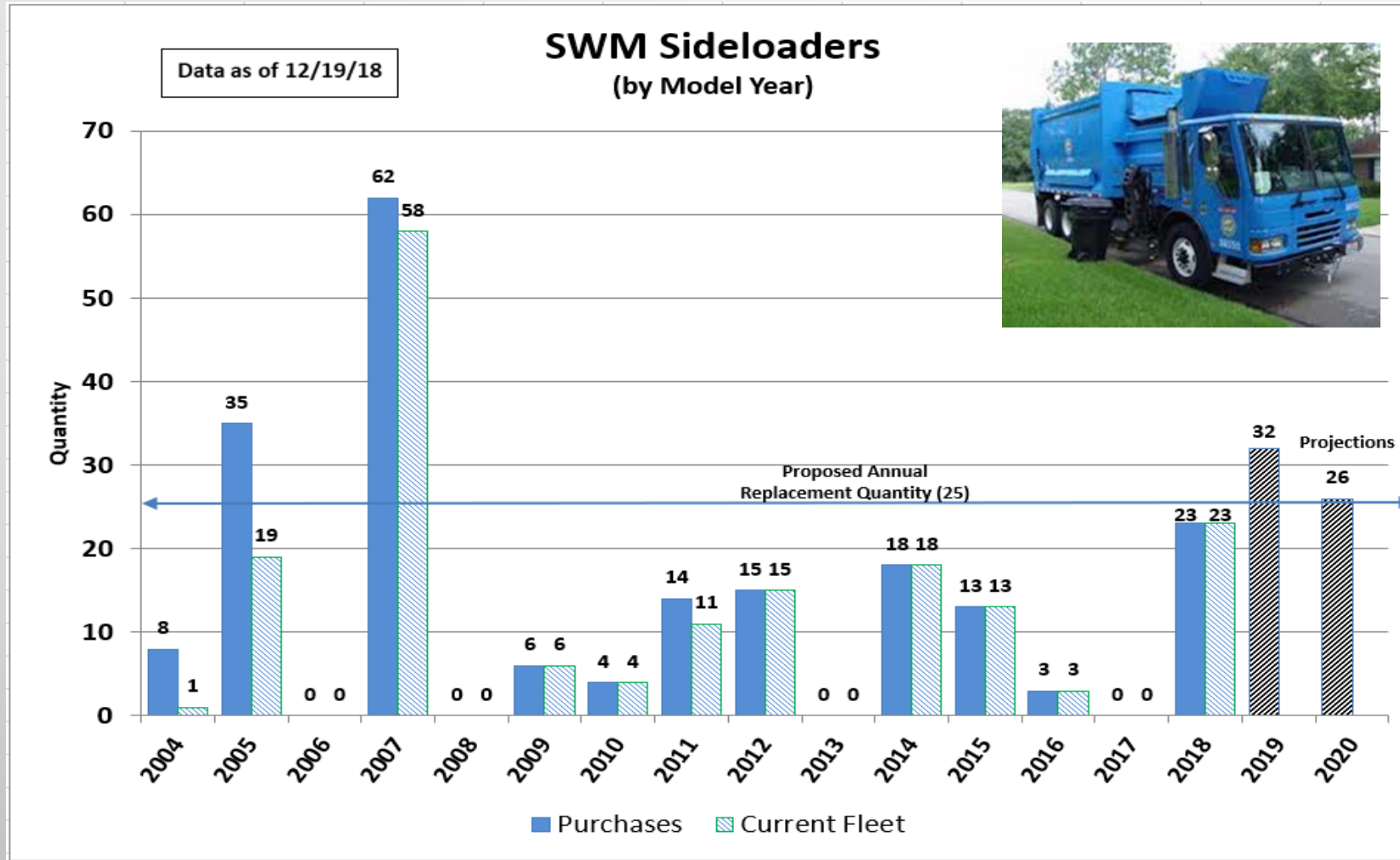
# Houston Fire Department



The White, Parker and Turner Administrations inherited a purchasing “spike” which inflates ongoing fleet procurements and annual maintenance expenses.

A “smoothing” process should be implemented to eliminate this cost inflator.

# Solid Waste Management



# Impact of Funding Shortfalls

- Underfunding equipment replacements results in
  - older equipment with high utilization
  - higher lifetime maintenance costs
  - reduced equipment availability due to increased equipment downtime
- Availability and downtime impacts the ability of departments to deliver services.





# Fleet Management Department Challenges

## Personnel

- Current market conditions make it difficult to attract and retain skilled mechanics
- Ageing workforce results in more retirements and loss of institutional knowledge
- Ageing fleet requires more labor-hours to keep equipment operational
- City's current financial status creating unease among critically needed workers



# Solid Waste Management Fleet Condition

- Fleet size has not increased in conjunction with growth in housing stock over prior years
- Equipment replacements have been underfunded and inconsistent
- Equipment has been used to respond to major disasters since 2007 resulting in increased use and wear



## Solid Waste Management Fleet Condition



- The fleet has an accelerated lifecycle due to lack of growth to meet demand, dedicated fleet replacement plan and homeland security responses
- Newer equipment is driven harder as older units are unreliable and underperforming
- Maintenance and repair time availability is reduced as trucks remain in operation beyond standard route times

# Solid Waste Management Fleet Condition

- Result is old, worn and unreliable fleet



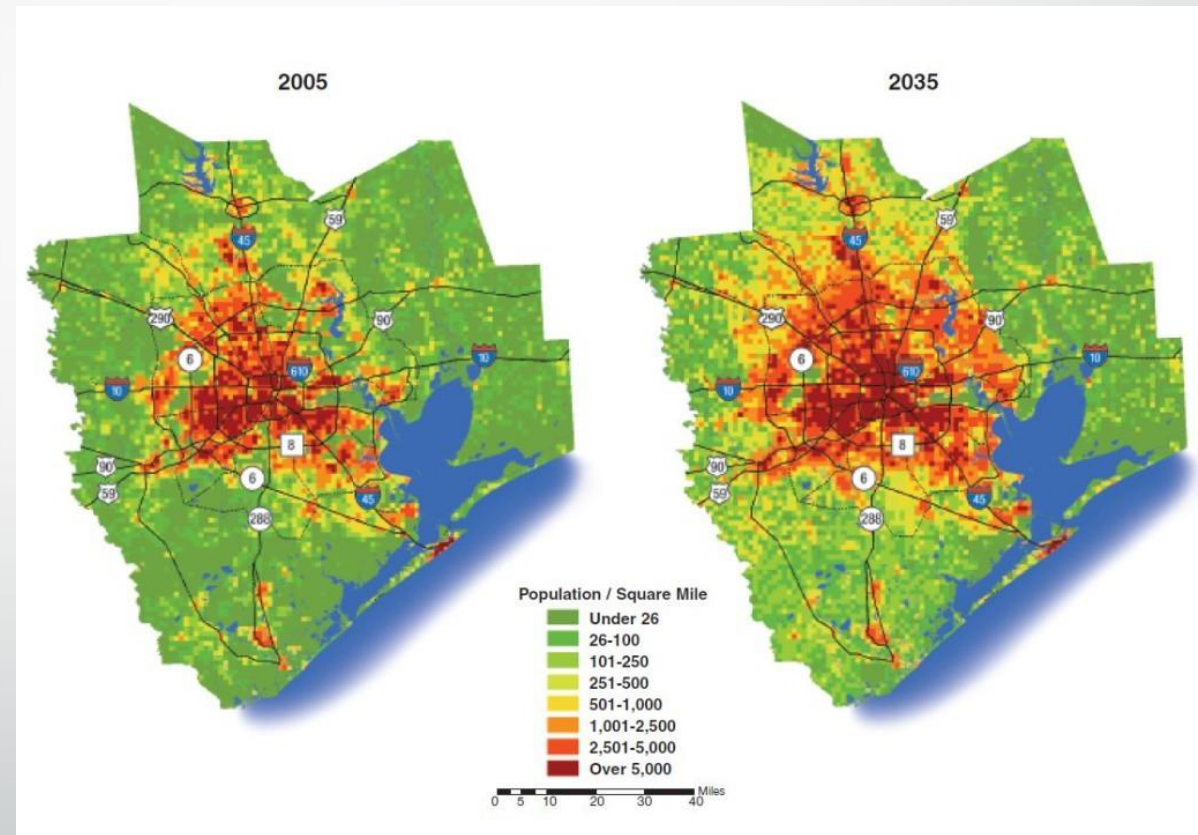
# Progress



- With pension reform completed, Mayor Turner has increased General Fund CIP Fleet budget \$31MM
- FEMA equipment reimbursement used to make off-cycle purchase of aged SWM equipment (\$14.6MM)
- Human Resources Department is assessing labor market conditions to determine if FMD is competitive with the marketplace for skilled mechanics.

# Ensuring fleet reliability for the future

- SWM fleet should be “right sized” to fit the current customer base
- Need a consistent and sustainable source of funding to ensure equipment replacements are done in a timely and cost effective manner.



# QUESTIONS?

