

WEST VIRGINIA LEGISLATURE
Legislative Post Audit Division

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Director

February 7, 2017

The Honorable Mitch Carmichael, President
West Virginia State Senate
Post Audits Sub-Committee, Co-Chair
Room 229 M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Tim Armstead, Speaker
West Virginia House of Delegates
Post Audits Sub-Committee, Co-Chair
Room 228 M, Building 1
State Capitol Complex
Charleston, WV 25305

Mr. President and Mr. Speaker:

As part of the continuing examination of the State's fleet management practices, the Legislative Auditor directed the Post Audit Division to conduct an analysis of the utilization of all state-owned vehicles. As previously reported in December 2016 in the Legislative Post Audit Division's Special Report on Statewide Fleet, the Legislative Auditor has determined there is no single source of information which can accurately and fully account for all state-owned vehicles. To perform our analysis, we obtained an inventory list of state-owned vehicles from the Fleet Management Office (FMO). As of January 1, 2017, this list included 7,529 vehicles. The breakdown by vehicle type of the unaudited information can be seen in the chart below:

Asset Type	Number of Vehicles
Car	1,369
SUV (Sport Utility Vehicle)	2,270
Truck (Light Duty)	2,503
Truck (Medium Duty)	115
Truck (Heavy Duty)	137
Van	1,085
Bus	43
Motorcycle	5
Emergency Response Command Center	2
Total	7,529

The list obtained from the FMO is not an all-inclusive account of state-owned vehicles. While WV Code §5A-1-2(f)(1) gives the FMO the authority to “manage all motor vehicles and aircraft[s] owned or possessed by the State of West Virginia or any of its departments, divisions, agencies, bureaus, boards, commissions, offices or authorities”, not all agencies report their vehicle inventory to the Fleet Management Office. In order to obtain its fleet inventory listing, the FMO relies upon two methods of receiving information about vehicles owned or leased by state agencies.

1. All vehicles that are purchased through the Purchasing Division’s statewide contracts are reported directly to the Fleet Management Office.
2. All agencies using the Fleet Management Office’s fueling and maintenance management services must report any vehicle utilizing the services to the Fleet Management Office.

Vehicles go unreported when agencies that are exempt from the requirements of the Purchasing Division do not utilize the statewide contract when purchasing vehicles and opt out of the fueling and maintenance management services offered by the Fleet Management Office. However, in order to perform our analysis, the FMO fleet inventory list was the single most consolidated source of information regarding vehicle fleet. As such, the information presented in this letter is reliant upon the information reported to and maintained by the Fleet Management Office. The table below displays vehicles at the Cabinet level along with other branches of government. Included are the total filled FTEs and the employees per vehicle. According to the data, the Department of Commerce has the fewest employees per vehicle with a vehicle for every 1.66 employees, and the Judicial branch has 79 employees per vehicle. **The FMO data shows there is essentially 1 vehicle for every 5 employees.** At this point, the Legislative Auditor is not opining that there are too many vehicles or that some departments or agencies have too many vehicles, this is just to provide information. A breakdown of each cabinet into divisions and agencies can be found in the tables on pages 7 through 11.

Cabinet	Total Vehicles	Total Filled FTEs	Employees per Vehicle
Administration	50	728.85	14.58
Council for Community and Technical College	76	1,204.84	15.85
Commerce	931	1,547.85	1.66
DHHR	344	5,581.71	16.23
Education and the Arts	45	815.25	18.12
Education	42	666.79	15.88
Elected Officials	229	916.4	4.00
Environmental Protection	403	824.7	2.05
Higher Education	918	11,089.97	12.08
Judicial	18	1,426.8	79.27
Legislative	7	183.49	26.21
Military Affairs and Public Safety	1,747	5,406.25	3.09
Miscellaneous Boards and Agencies	117	431.57	3.69
Revenue	115	966.2	8.40
Services	7	31.6	4.51
Transportation	2,393	5,837.35	2.44
Veterans	87	229.89	2.64
Total	7,529	37,889.5	5.03

West Virginia Has the Highest Annual Minimum Mile Requirement of the States Reviewed

In January 2017, the Legislative Auditor reported that the Department of Administration was unable to provide any information on how or why the minimum utilization for state-owned vehicles was set at 1,100 miles per month.

Legislative Rule §148-3-6.2.1 states:

*6.2.1. To ensure proper utilization and justify retention in the state fleet, state owned or leased vehicles must be utilized a minimum of **1,100 miles monthly**. State spending units must request an exemption for vehicles that are under-utilized and the Fleet Management Office shall determine whether the vehicle meets one of the exemptions. At a minimum, the spending units shall retrieve the month ending odometer reading of each vehicle and report it in OASIS at the end of every month. (Emphasis Added)*

As a result, the Legislative Auditor researched other states' policies, rules, laws, etc. over state-owned vehicle utilization requirements to determine if they were similar to West Virginia's. The states chosen for review were based on the states bordering West Virginia (Kentucky, Maryland, Ohio, Pennsylvania and Virginia), states the largest in square miles (California and Texas), states the smallest in square miles (Delaware and Maryland) and one state with comparable square miles to West Virginia (South Carolina). The following table shows the area (in square miles) and information obtained from each state in regards to the state annual minimum utilization requirements:

State	Area (Square Miles) ¹	Annual Minimum Utilization Requirement (Miles)
West Virginia	24,078	13,200
Kentucky	39,728	12,000
Ohio	40,948	Break-even analysis based on class of vehicle
Pennsylvania	44,817	12,000 or 80% of miles driven must be business use
Maryland	9,774	10,000
Virginia	39,594	Break-even based on class of vehicle
Delaware	1,954	11,429 for passenger vehicle and 5,000 for dump trucks
California	155,959	12,000 or 80% of work days'/business use
Texas	261,797	10,000
South Carolina	30,109	Break-even analysis based on class of vehicle

Of the nine states we researched, six (Kentucky, Maryland, Delaware, California, Pennsylvania and Texas) base their minimum utilization of state-owned vehicles on a specific benchmark, similar to West Virginia. The other three states (Ohio, Virginia and South Carolina), base their minimum utilization of state-owned vehicles on break-even points specific to the class of the vehicle.

Break-even mileage is the calculated mileage of vehicle utilization when the cost of providing a state vehicle equals the state's cost for reimbursing employees for use of a personal vehicle on state business. With changes in variable expenses (fuel, maintenance, etc.), the break-even point can change on a daily basis. Some of the states that use the break-even analysis require a six month and/or annual review.

¹ Obtained from a U.S. Geological Survey. <https://www.usgs.gov/>.

The chart below depicts the different classes and mileage requirements for the State of Virginia:

Class	Mileage
Compact	8,000
Mid-Size	8,500
Full-Size	9,000
Mini-Van	11,000
SUV-Small	10,000
SUV-Large	13,000
Pickup- Compact 4x2	8,000
Pickup- Compact 4x4	9,000
Pickup- Full-Size 4x2	10,000
Pickup Full-Size 4x4	11,000

Our research resulted in several other differences in state fleet policies, including:

- Maryland charges a state commuting fee to off-set annual fringe benefits;
- Ohio is currently changing their acquisition policies to be based on historical vehicle usage; and
- South Carolina is currently updating its policy directives for fleet life cycles to be reduced to 5 years allowing an increase in residual value.

The State of Pennsylvania Claims It Has Eliminated 26.1 Percent of Its Fleet

Of all the other states reviewed, Pennsylvania had the most comprehensive fleet plan. During the research, the Legislative Auditor discovered Pennsylvania did a complete reform of its fleet in 2011 as a result of a mandated order by the Governor to reduce all fleet by 20%. The vendor that manages the software and database for Pennsylvania, Assetworks, performed a case study to identify areas where the state’s fleet could be reduced. Assetworks’ case study found a systematic and transparent approach to effectively downsize Pennsylvania’s fleet while maintaining current transportation services to state employees. The Assetworks case study indicated the State could reduce the state’s fleet size by 24%. To reach this amount of fleet reduction Pennsylvania took the following steps:

1. Audited the fleet to determine its true size and published the number publicly.
2. Rolled out underutilized, existing technology in order to more effectively monitor fleet management data.
3. Instituted one comprehensive fleet policy and refreshed the policy on assigned vehicles based on business need, rather than politics or preference. Specific changes included:
 - a. Vehicles could no longer be employed for personal use;
 - b. Departments with underutilized vehicles had to turn them in or document their specific use case; and
 - c. Mandated that employees must chose the most cost effective form of travel.
 - d. Removed agency exemptions from the policy.
4. Contracted with Enterprise Rent-A-Car to provide another choice for infrequent, high mileage transportation.
5. Collaborated with the Office of Administration of the Budget to align Fleet and Travel Policies.
6. Implemented best practices for disposition and replacement of state-owned vehicles.
7. Provided training and consulting services to agencies on effective fleet management.

In addition, they created a trip calculator worksheet that required employees to enter the total round trip miles they were going and the total amount of time that transportation was needed. The system then calculated the current price of fuel and presents the employee with the various options and costs for each so they can choose the most cost effective selection. Additionally, they gave employees who prefer to use their personal vehicles the option to do so, only at a much lower mileage reimbursement rate of \$0.24 per mile². This alternative is presented as a win-win because it allowed employees to use their personal vehicle when it suited them while still being fiscally responsible. A screenshot of Pennsylvania's trip calculator can be found below:

Ground Travel Worksheet			
Enter Trip Information			
Step 1:	Total Round Trip Miles	200	
Step 2:	Total Number of 24-hour Periods	2	
	Current Fuel Price	\$2.57	
Step 3:	Select Lowest Cost Option Below		
Click here to reserve an Enterprise Rental Vehicle if least expensive			

Ground Travel Cost			
Best Value	Travel Option	Total Cost	Cost/Mile
Least Expensive:	Agency Pool Vehicle	\$ 50.00	\$ 0.250
2nd Option:	Enterprise Rent-A-Car	\$ 78.82	\$ 0.394
3rd Option:	Personal Auto - Standard Rate	\$ 107.00	\$ 0.535
Alternative:	Personal Auto – Other Vehicle Available	\$ 34.00	\$ 0.170

Pennsylvania was able to realize its goals of fleet reduction and cost savings by implementing the following:

1. Requiring all Pennsylvania fleet vehicles to be either assigned to an agency head or be utilized as a motor pool vehicle for employee use.
2. Putting in place criteria restricting the permanent assignment of a vehicle to one of the following scenarios:
 - a. Assigning vehicles based on business need and business usage and monitoring usage against the enterprise standard, which was 6,000 business miles over six months; or business use on 80% of available work days over a six-month period, or to an agency head.
 - b. The official or employee has commonwealth employment responsibilities either for law enforcement or for responding to emergencies involving public health or safety AND those responsibilities occur on a frequent basis outside normal duty hours requiring travel from

² The Federal GSA rate that was in effect until 2017 ranged from \$.19 to \$.24 cents. The current rate is \$0.17 per mile.

a residence to a location; AND the assigned vehicle is equipped with tools, specialized equipment or other supplies required to perform those responsibilities.

- c. A written justification showing that the authorization of a permanently assigned Commonwealth Fleet vehicle to an official or employee is cost effective is submitted by an agency head and approved by the Secretary of General Services or his/her designee.
3. Assessing the usage rates of vehicles every six months and re-assigning underutilized vehicles to employees with higher mileage to fully utilize the vehicle reaching the 75,000-mile threshold and can then be sold at auction.
4. Returning underutilized vehicles for disposition or reallocation.
5. Monitoring and assessing vehicle usage every six (6) months.
6. Selling the inventoried vehicles when they reached 42-60 months old or approximately 80,000 miles which increased return on investment and resulted in the lowest cost of ownership taking in consideration the vehicle warranty expiration dates³.
7. Fleet management reassigns or acquires new vehicles as necessary, and they are phasing out agency acquisitions of vehicles. This allows fleet management to track all state vehicles, which allows them to monitor the best time for vehicle turn over based on mileage and age, thus reducing the total cost of ownership.

According to Pennsylvania officials, the fleet reform impacted the state by maintaining cost control, reducing cost of maintenance, generating a positive cash flow and improving safety. Additionally, they indicated a reduction of the state vehicle fleet of 26.1%, an even greater amount than projected by the Assetworks case study.

In four years of implementation (2011-2015) Pennsylvania has realized the following savings:

1. \$47.7 million for non-replacement of disposed vehicles;
2. \$7.6 million in cost avoidance for fuel and maintenance on disposed vehicles;
3. \$312,000 in improved oversight on unnecessary preventative maintenance;
4. \$4.3 million⁴ in reduced mileage reimbursement for using personal vehicles for state business.

The Legislative Auditor Will Provide Additional Vehicle Usage Information in A Future Report

In order to determine whether or not these state-owned vehicles were meeting the monthly minimum 1,100-mile requirement established by Legislative Rule Title 148 Series 3, the Legislative Auditor requested odometer readings for all the vehicles from the Fleet Management Office from January 1, 2016 and December 31, 2016, one calendar year. Upon requesting this information, we were informed that prior to September 2016, the Fleet Management Office did not collect this data. Odometer readings

³ The change in age and mileage requirements for vehicle replacement changed the auction proceeds for Fusions and Malibu's from \$1,800 to \$2,100 for vehicles over 100,000 miles to \$7,500 to \$9,500 for vehicles with mileage between 75,000-80,000.

⁴ Pennsylvania employees averaged \$15,000 to \$18,000 annually in mileage reimbursement per employee at the full GSA rate.

were only available through the agencies' fuel services vendor (WEX). For those vehicles utilizing the FMO fueling and maintenance management services, which, according to the Fleet Management Office, is about 2,800 vehicles, or 37% of the 7,529 vehicles.

The Fleet Management Office provided the following statement:

While FMO was provided odometer data by the fuel vendor before September, the primary purpose of those wasn't to evaluate vehicle utilization broadly, but to track fuel usage and cost, and to check against fuel theft by the person/vehicle that the fuel card was assigned to. Now that FMO has the software which collects this data more thoroughly and in real-time, it has a tool to independently evaluate vehicle utilization specifically. FMO is currently collecting a few months of mileage data to create a baseline to evaluate utilization and requests for exemptions to the under-utilization policies.

While we have requested the odometer readings from the fuel services vendor, we have not received that data. Upon receiving the requested information from the Fleet Management Office, an analysis of the utilization of the state vehicles using the FMO fueling and maintenance management services will be conducted and provided to the Legislature.

Sincerely,

Denny Rhodes

Vehicle and FTE Breakdown by Cabinet

Administration

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Board of Risk and Insurance Management	22	2	11.00
Consolidated Public Consolidated Public Retirement Board	86	2	43.00
Division of Personnel	61	0	N/A
Ethics Commission	6.35	0	N/A
Finance Division	12	0	N/A
General Services Division	108	16	6.75
Information Services and Communications	252	0	N/A
Office of Technology	4	15	0.27
Prosecuting Attorneys Institute	3	0	N/A
Public Defender Services	23	0	N/A
Public Employees Grievance Board	12	0	N/A
Public Employees Insurance Agency	46	0	N/A
Purchasing Division	40	2	20.00
Real Estate Division	20	2	10.00
Retiree Health Benefit Trust Fund	2	0	N/A
Secretary of Administration	6.50	0	N/A
Surplus Property	11	3	3.67
Travel Management	14	8	1.75
Total Administration	728.85	50	14.58

Council for Community and Technical College

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Blue Ridge Community and Technical College	140.62	10	14.06
BridgeValley Community and Technical College	164.5	10	16.45
Council For Community and Technical College Education	16	0	N/A
Eastern West Virginia Community and Technical College	36.1	8	4.51
Mountwest Community and Technical College	127	3	42.33
New River Community and Technical College	124	12	10.33
Pierpont Community and Technical College	107.44	0	N/A
Southern West Virginia Community and Technical	166.66	18	9.26
West Virginia Northern Community and Technical College	124.89	4	31.22
West Virginia University at Parkersburg	197.63	11	17.97
Total Council for Community and Technical College	1,204.84	76	15.85

Commerce

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Board of Coal Mine Health and Safety	2	0	N/A
Division of Energy	6	0	N/A
Division of Forestry	77.75	123	0.63
Division of Labor	86	52	1.65
Division of Miners Health, Safety and Training	123	125	0.98

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Division of Natural Resources	735	602	1.22
Division of Tourism	58	3	19.33
Geological And Economic Survey	33.6	11	3.05
Secretary of Commerce	18	7	2.57
West Virginia Development Office	78	3	26.00
Workforce West Virginia	330.5	5	66.10
Total Commerce	1,547.85	931	1.66

DHHR

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Health and Human Resources	5,511.71	342	16.12
Health Care Authority	41	1	41.00
Human Rights	24	0	N/A
Secretary of Health and Human Resources	5	1	5.00
Total DHHR	5,581.71	344	16.23

Education and the Arts

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Division Of Culture And History	113.5	1	113.50
Division Of Rehabilitation Services	559.5	24	23.31
Educational Broadcasting Authority	68.5	16	4.28
Library Commission	43	3	14.33
Secretary Of Education And The Arts	30.75	1	30.75
Total Education and the Arts	815.25	45	18.12

Education

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Department Of Education	508	7	72.57
West Virginia Schools for The Deaf and the Blind	158.79	35	4.54
Total Education	666.79	42	15.88

Elected Officials

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Attorney General	181.9	13	13.99
Auditor's Office	178	6	29.67
Department of Agriculture	324.5	187	1.74
Governor's Office	47.5	11	4.32
Secretary of State	55	3	18.33
Treasurer's Office	129.5	9	14.39
Total Elected Officials	916.4	229	4.00

Environmental Protection

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Department of Environmental Protection	811.7	402	2.02
Environmental Quality Board	2	0	N/A
Oil and Gas Conservation Commission	2	0	N/A
Solid Waste Management Board	9	1	9.00
Total Environmental Protection	824.7	403	2.05

Higher Education

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Bluefield State College	183.42	32	5.73
Concord University	264.1	25	10.56
Fairmont State University	432.14	26	16.62
Glennville State College	188.85	33	5.72
Higher Education Policy Commission - Administration	65.55	2	32.78
Higher Education Policy Commission - System	6	0	N/A
Marshall University	1,762.55	89	19.80
Shepherd University	455.22	43	10.59
West Liberty University	258.21	42	6.15
West Virginia Network for Educational Telecomputing	53	3	17.67
West Virginia School of Osteopathic Medicine	276.29	16	17.27
West Virginia State University	288.51	69	4.18
West Virginia University	6,856.13	538	12.74
Total Higher Education	11,089.97	918	12.08

Judicial

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Supreme Court	1,426.8	18	79.27
Total Judicial	1,426.8	18	79.27

Legislative

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
House of Delegates	44	0	N/A
Joint Expenses	98.49	7	14.07
Senate	41	0	N/A
Total Legislative	183.49	7	26.21

Military Affairs and Public Safety

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Adjutant General	448.5	4	112.13
Armory Board	0*	10	N/A
Division of Corrections	2,074.75	314	6.61

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Division of Justice and Community Services	34.5	2	17.25
Division of Juvenile Services	611	125	4.89
Division of Protective Services	41	4	10.25
Fire Commission	49	42	1.17
Homeland Security and Emergency Management	39.5	17	2.32
Parole Board	17	9	1.89
Regional Jail and Correctional Facility Authority	1,045.5	106	9.86
Secretary of Military Affairs and Public Safety	21	4	1.50
West Virginia State Police	1,024.5	1,110	0.92
Total Military Affairs and Public Safety	5,406.25	1,747	3.09

*When the wvOASIS payroll went live in 2015, all Amory Board employees were reassigned to fall under the Adjutant General. The 10 vehicles listed under the Army Board are used at various facilities throughout the State to support operational, environmental, and maintenance costs of the West Virginia's National Guard armories.

Miscellaneous Boards and Agencies

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Appraiser Licensing Certification Board	4	0	N/A
Board of Accountancy	3	0	N/A
Board of Architects	1	0	N/A
Board of Barbers and Cosmetologist	8	4	2.00
Board of Chiropractic Examiners	1	0	N/A
Board of Counseling	1	0	N/A
Board of Dentistry	3	0	N/A
Board of Funeral Service Examiners	1	0	N/A
Board of Hearing Aid Dealers	0	0	N/A
Board of Licensed Dietitians	0.2	0	N/A
Board of Licensed Practical Nurses	4	0	N/A
Board of Medical Imaging and Radiation Therapy Technicians	2	1	2.00
Board of Medicine	15	0	N/A
Board of Occupational Therapy	0.65	0	N/A
Board of Optometry	1	0	N/A
Board of Pharmacy	9	0	N/A
Board of Physical Therapy	2	0	N/A
Board of Professional Engineers	5	0	N/A
Board of Professional Surveyors	1.6	0	N/A
Board of Psychologists	1	0	N/A
Board of Registered Nurses	13.5	0	N/A
Board of Respiratory Care	1	0	N/A
Board of Social Work	1	0	N/A
Board of Speech Language Pathology and Audiology	1	0	N/A
Board of Veterinary Medicine	1.75	0	N/A
Courthouse Facilities Improvement Authority	1	0	N/A
Economic Development Authority	11	0	N/A
Enterprise Resource Planning Board	34	0	N/A
Hospital Finance Authority	1	0	N/A
Massage Therapy Licensure Board	1	0	N/A
Municipal Pension Oversight Board	3	0	N/A
National Coal Heritage Area Authority	4.8	2	2.40
Public Service Commission	271.47	109	2.49
Real Estate Commission	5	0	N/A
Water Development Authority	14.6	1	14.60

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
West Virginia Board of Osteopathic Medicine	3	0	N/A
Total Miscellaneous Boards and Agencies	431.57	117	3.69

Revenue

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Alcohol Beverage Control Administration	73	30	2.43
Division of Financial Institutions	24	0	N/A
Insurance Commissioner	273.6	34	8.05
Lottery Commission	174	35	4.97
Municipal Bond Commission	3	0	N/A
Office of Tax Appeals	6	0	N/A
Racing Commission	36	1	36.00
Secretary of Revenue	8	0	N/A
State Budget Office	8	0	N/A
Tax Division	360.6	15	24.04
Total Revenue	966.2	115	8.40

Services

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Bureau of Senior Services	31.6	7	4.51
Total Services	31.6	7	4.51

Transportation

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Aeronautics Commission	2	0	N/A
Division of Highways	4,793.85	2,104	2.28
Division of Motor Vehicles	593	45	13.18
Division of Public Transit	9	40	0.23
Office of Administrative Hearings	26	6	4.33
Parkways Authority	394.5	159	2.48
State Rail Authority	18	17	1.06
WV Wing Civil Air Patrol	1*	22	0.05
Total Transportation	5,837.35	2,393	2.44

*The WV Wing Civil Air Patrol is West Virginia's United States Air Force Auxiliary that operates largely with volunteers. Its personnel consist of 619 volunteers and it has 14 squadrons throughout West Virginia. The vehicles assigned to the Patrol are not owned or leased by the State of West Virginia. These vehicles are Federal vehicles that are used largely in part in emergency-services and operation missions such as search and rescue, disaster relief, humanitarian services, air force support and counterdrug operations.

Veterans

Agency	Total FTEs	Total Vehicles	Employees per Vehicle
Veterans Affairs	185.89	39	4.77
Veterans Home	44	48	0.92
Total Veterans	229.89	87	2.64