



Alaska Department of Transportation & Public Facilities

Senate Finance Subcommittee State Equipment Fleet (SEF) & ICAP Overview

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March 21, 2019

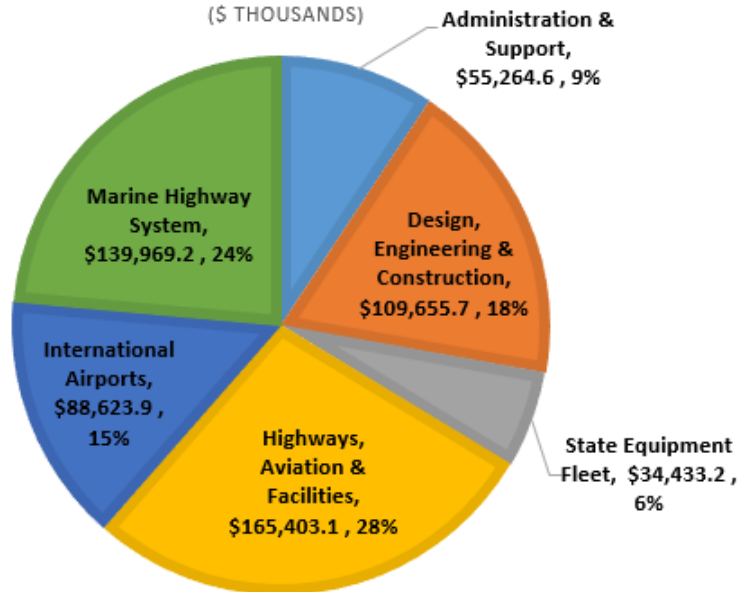
Our mission is to ***Keep Alaska Moving*** through service and infrastructure.

FY2020 Budget: DOT&PF Results Delivery Units – All Funds (\$ Thousands)

FY2019 MANAGEMENT PLAN TOTAL:

\$593,349.7

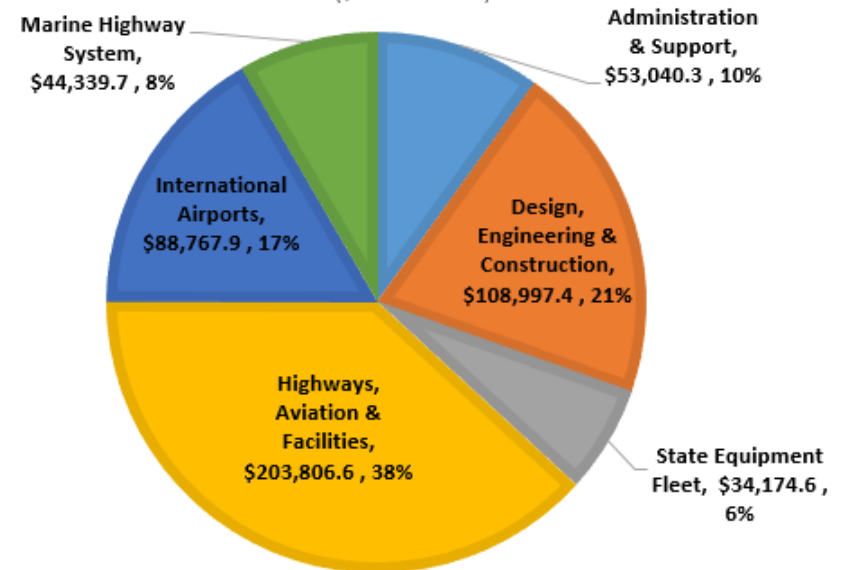
(\$ THOUSANDS)



FY2020 GOV 2/13 TOTAL:

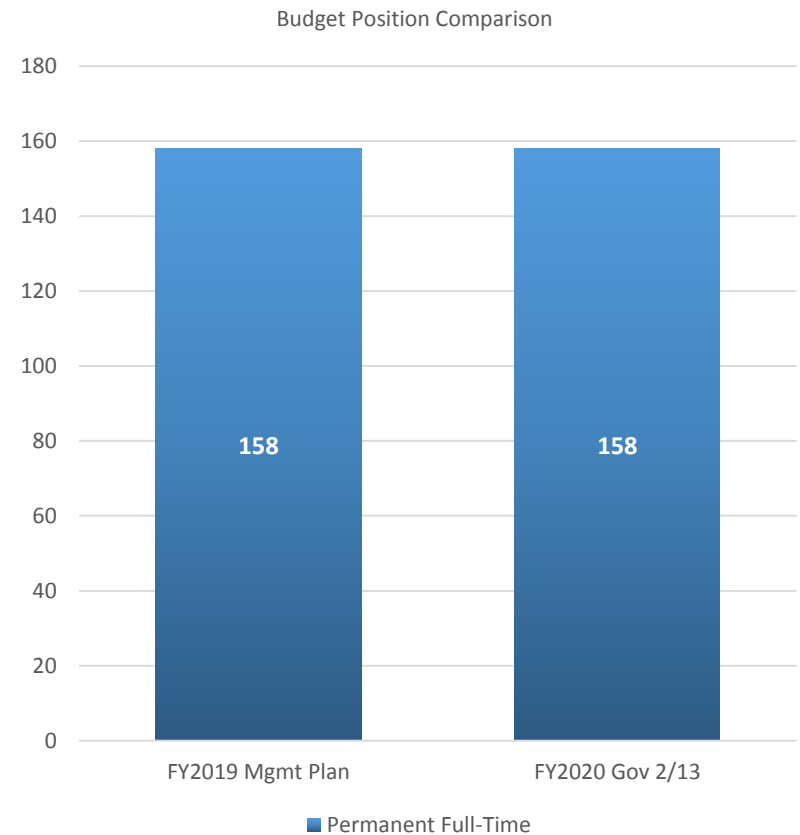
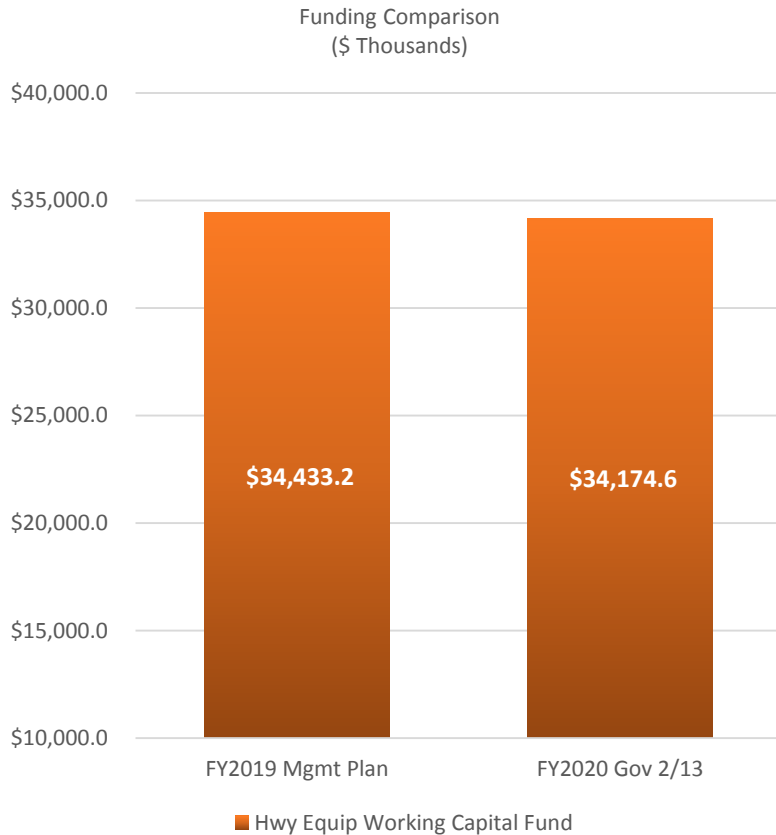
\$533,126.5

(\$ THOUSANDS)



Fund Source & Position Comparisons: State Equipment Fleet (\$ Thousands)

Executive Branch 50% Travel Reduction (-\$258.6 Other)



We are SEF



**126 Mechanics
in 54 shops
located from
Kotzebue to
Ketchikan**

**14 Part
Specialists -
supply parts,
supplies and
tools statewide**

**4 Procurement
and Contracting
staff - purchase
and disposal of
all equipment**

**7 Administrative
and Systems
support staff
positions**

**5 District
Managers and
1 Fleet
Manager**



What We Do

State Equipment Fleet (SEF) - We are a Shared Service

Centralized full service fleet management for 13 Executive Branch Agencies

- Contracting and procurement of vehicles and equipment
- Sale/disposal of all excess fleet equipment, parts and scrap metals
- Financial management of the Highway Equipment Working Capital Fund
- Maintenance, repair, modification and fabrication
- Parts and supply management, purchasing and shipping
- Fuel card management for all departments, UA
- Database, diagnostics and telematics management
- Daily rental pools and crash pools
- DMV services (licenses and titles)
- Labor resource pool (ARFF, DNR Fire Support, M&O support)

SEF Light Duty Mechanic inspects a fleet vehicle. Photo by Donnie Helgeson, Alaska DOT&PF



What We Do

Cradle to Grave Fleet Management

	<u>HEWCF LD</u>	<u>HEWCF HD</u>	<u>AIP</u>	<u>GF Funded</u>	<u>AIA/FIA</u>	<u>UA/Other</u>	<u>Total</u>
Full Life	2,051	1,764					3,815
X status	835	522					1,357
Other (Not in HEWCF Replacement program)			723	891	391	1,087	3,092
Total Assets	2,886	2,286	723	891	391	1,087	8,264
	Maintained by SEF						

Average Age of Fleet

Light Duty Fleet	7 Years
HD Fleet	8 Years
Plow Truck Fleet	9 Years
Motor Grader Fleet	8 Years
Wheel Loader Fleet	10 Years
WX Fleet	16 Years



Full life- replaceable asset



X-Status- already replaced

HEWCF (HF)

Highway Equipment Working Capital Fund

- Internal Service Fund created to maintain the fleet and replace fleet vehicles
- SEF receives no direct General Fund appropriation; its funding comes from fees paid by other state agencies
- SEF has a complex coding and rate system designed to 'break even' and allocate costs to customers who generate those costs
- SEF is a shared service, our customers include:
 - All Executive Branch departments have SEF vehicles and equipment
 - SEF also provides asset management services for AHFC, University of Alaska, Alaska Railroad, Alaska Aerospace
 - 85% of SEF revenue generated by DOT&PF, 80% from M&O



Rates

Operating Rates

- Calculated annually using repair history from past 36 months
- Calculated individually by asset
- Cover routine maintenance and repair
- New assets get a class average rate

Replacement Rates

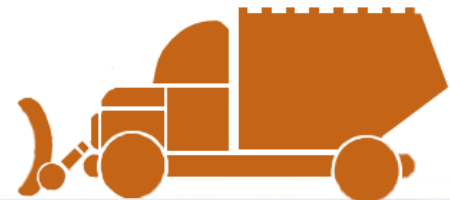
- Calculated annually, individually by asset
- Based on:
 - Cost of Replacement
 - Expected Life
 - Salvage (auction) value
- Replacement rates are accrued for each asset and dedicated to the purchase of a replacement for the current asset. Adjustments can be made to replacement rates to account for outside factors such as budget shortages or special needs.



Asset Replacement Criteria

Replacement Criteria is outlined in P&P 11.05.020

- Replacement decisions based on usage, age, and maintenance costs
- Usage Criteria:
 - Light Duty - 10 years; 150,000 miles
 - Light Duty Severe Service - 7 years; 125,000 miles
 - Light Duty Police - 4-7 years; 100,000 miles
 - Heavy Duty - 12-15 years; 12,000 hours
- Most don't make the usage requirements; decisions usually pushed towards maintenance cost factors.
- Safety and technology advances factor in to replacement decisions.
- Continuous engagement with end users to determine their priorities.



SEF Challenges

Budget Challenges:

- Operating budget- fleet reductions, rightsizing and cost of fuel has allowed our budget to remain adequate
- Capital budget- ~\$15m since 2004

	<u>2004 Cost</u>	<u>2018 Cost</u>
Wheel Loader	\$230k	\$364k
Motor Grader	\$179k	\$363k

Staffing Challenges:

- Difficult to recruit in rural areas
- Shifting more to hub style staffing with week on week off shifts
- New staff coming on board with less experience than in the past

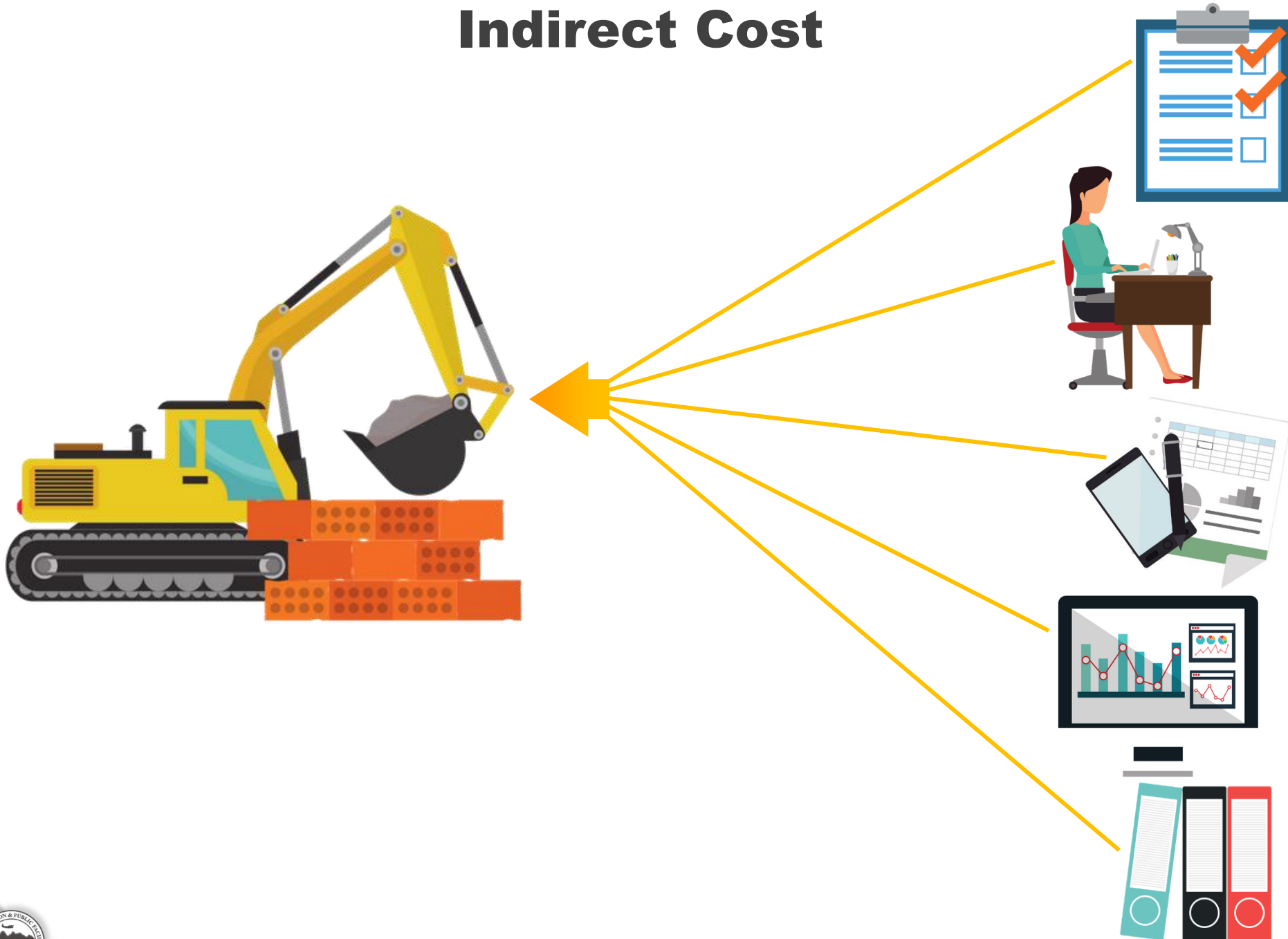
Technology Challenges:

- New equipment requires more computer diagnostic skills than wrench-turning
- Electronics are not always built for severe climate conditions
- Tier IV Emissions for all equipment has brought new training challenges for operators and mechanics
- Equipment being asked to do more than ever before



Indirect Cost Allocation Plan (ICAP)

Indirect Cost

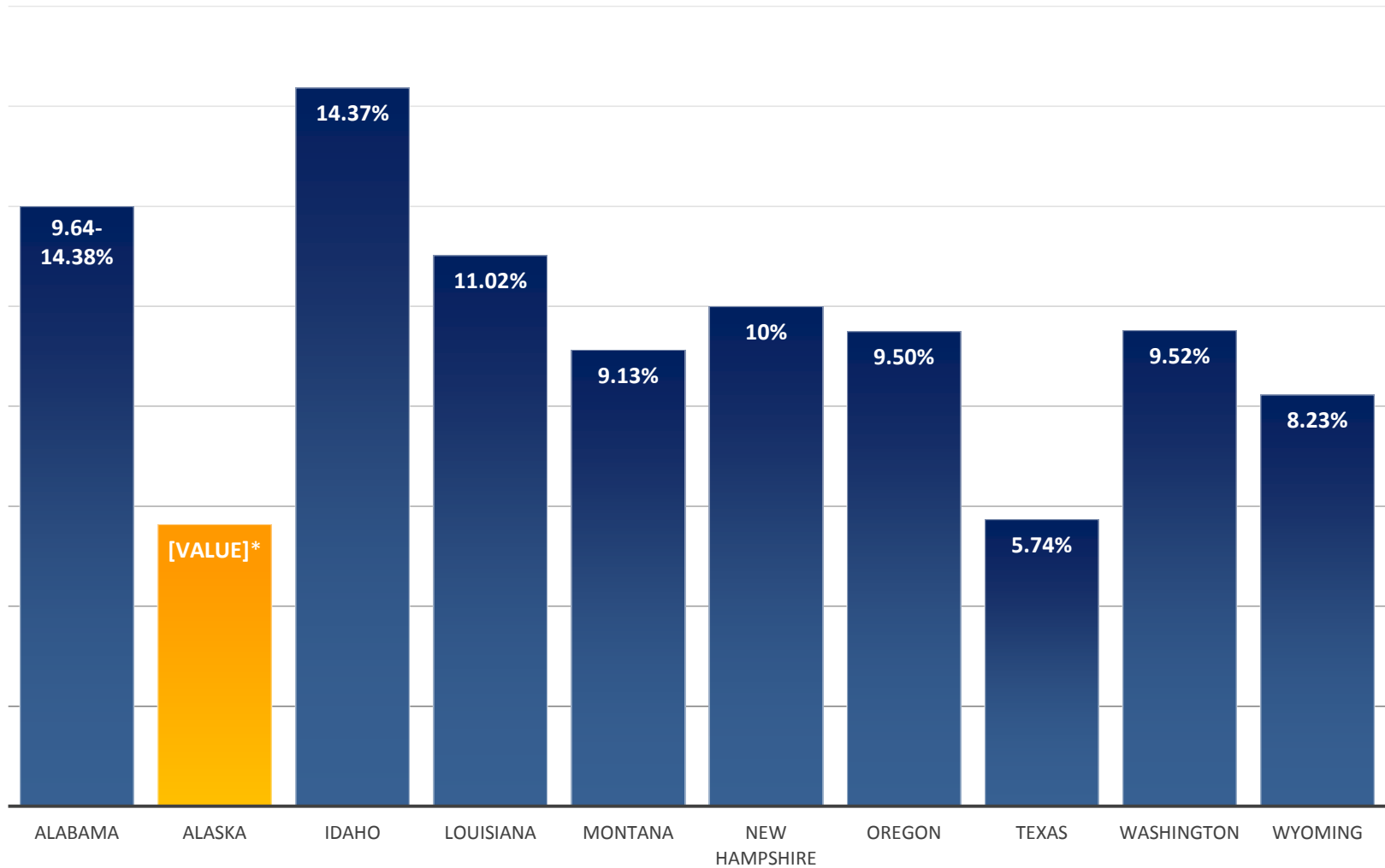


Average Annual ICAP

DOT&PF ICAP Collections

10 Year Average (in thousands)	\$	40,087.5
Sources of ICAP Collections		
Federal Highways Projects	\$	21,126.7
State Match to Federal Highways	\$	2,097.1
Federal Aviation Administration Projects	\$	7,679.3
State Match to Federal Aviation Administration	\$	578.0
Total ICAP from Federal and State Match	\$	31,481.1
Harbors Projects	\$	215.4
Public Facilities Projects	\$	1,226.0
State Highways Projects	\$	4,120.4
State Airport Projects	\$	937.3
Miscellaneous Projects	\$	2,107.2
Total ICAP Collections	\$	40,087.5

ICAP Rates



*Alaska's FY2019 rate. All other states' rates as of 11/1/2018 data provided by Federal Highways

Thank You

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