Don’t Overlook Your “Other” Fleet
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Learning Objectives

1. Understand why fleet managers should use vehicle reimbursement programs to their advantage

2. Know how to increase the attractiveness of the fleet portfolio
   • OEMs
   • Fleet management companies
   • Other industry suppliers
• What is the “other fleet”? 
• Who and what needs to be managed? 
• How well-managed are the “other fleets”? 
• **Case study:** Chesterfield County – what was learned and what were the challenges? 
• **Pros and cons** of combining fleet + other fleet 
• Suggested action plan to **empower** yourself!
Definitions and Acronyms We Might Use

- **POV** = Personally-owned vehicle
- **Standard Reimbursement Rate** = IRS safe harbor for cents-per-mile business vehicle use reimbursement
- **Safe harbor** = Meets IRS guidelines for use of IRS rules
- **Accountable Plan** = Tax-free allowance plan that meets IRS standards
- **FAVR** = IRS safe harbor for a fixed and variable reimbursement plan
What Is Your “Other Fleet”?

- Any POV used for business purposes?
- POV used for 500 business miles?
- POV used for 5,000 business miles?
- POV used for 30,000 business miles?
- All reimbursement allowances?
Who Manages Your “Other Fleet”?  

• Human Relations – Talent Management?  
• Administrative Services?  
• Risk Management?  
• Fleet Department?
### Functional Areas To Be Managed

<table>
<thead>
<tr>
<th>Area</th>
<th>Fleet</th>
<th>POV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorization / Enrollment</td>
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<td>✓</td>
</tr>
<tr>
<td>Spend</td>
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<td>Insurance</td>
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<td>✓</td>
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<tr>
<td>Safety / Risk</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Taxes</td>
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<td>✓</td>
</tr>
<tr>
<td>Track Utilization / Minimum Mileage</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Track Sustainability</td>
<td>✓</td>
<td>?</td>
</tr>
</tbody>
</table>

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Who Has These Skillsets?

• Knowledge and expertise in **vehicle management principles**, techniques, industry trends, and best practices?

• Ability to develop and apply **enterprise-wide information**?

• **Objectivity**?

• Single **focal point** for accountability?

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Management Of “Other Fleets”

- Only **1/3 track POV reimbursement spend** in a separate, readily identifiable cost account
- State A, 37,000 employees, **$13 million** annual reimbursement
  - Some employees receive **>$10,000 per year**
- State B, 58,000 employees, **$15 million** annual reimbursement
- Typical POV reimbursement spend = **40% to 60% of state’s travel budget**
- $24 estimated cost to process **each** POV reimbursement expense report*

* Based on $30 per hour fully-burdened compensation rate (blended for all stakeholders)


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Case Study

How Chesterfield County Took Steps to Manage Its Other Fleet
What Each Department Needs To Know

• **How many employees** are using the reimbursement program?
• What was the **annual cost** FY16?
• What would be **cheaper**
  • Reimbursement **or**
  • Employer-provided vehicles?
What The Fleet Manager Needs To Know

- Type of vehicle
- Vehicle **condition**
- Proof of **current** driver’s license
- MVR at least **annually**
- Type of insurance for “**proper**” coverage
What The Employee Needs To Know

• Is reimbursement really saving you money?
• Insurance regulations
• Are you covered by the employer if you’re in an accident / crash?
  • If it’s your fault?
• You must provide proof of vehicle safety inspection to fleet manager
Challenges and Lessons Learned

• Drivers who had. . .
  • **Suspended** driver’s licenses
  • **Unsafe** vehicles
  • No idea that they needed a **special insurance rider** clause
  • **No insurance coverage** by County if injured in a crash

• Departments who were. . .
  • Paying **more for reimbursement** then using a County vehicle
Advantages: Adding POVs To Fleet Portfolio

- Reimbursement side
  - Cost savings $$
  - Reduce risk – **save a life**
  - Image

- Fleet side
  - More **clout** – more vehicles
  - Negotiate **better deals** with suppliers

- Become a mobility expert

- Duh?
Disadvantages: Adding POVs To Fleet Portfolio

What do you think?
Action Plan

1. Find out who controls the pieces
   • Accounting, SOPs, expense reimbursement


3. Gather demographics
   • Size, volume of spend, reimbursement types

4. Educate yourself

5. Propose improvements
Q&A and Wrap-Up

Connect with us!

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