

A banner for the NAFA 2017 Institute & Expo. It features a yellow car on the left and a white van on the right. The background is light blue with faint car icons. The text is in blue and yellow.

NAFA 2017 INSTITUTE & EXPO

TAMPA, FLORIDA / APRIL 25-28, 2017 / NAFAINSTITUTE.ORG

A graphic with a light blue background and faint car icons. The text is in blue and red.

Don't
Overlook
Your
“Other”
Fleet

A close-up of a hand holding a white sign. The hand is wearing a blue shirt and a patterned tie. The sign has the text 'EMPOWER YOURSELF' written in blue, hand-drawn style letters.

EMPOWER
YOURSELF

Faculty

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Learning Objectives

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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



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Agenda

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- 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!

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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

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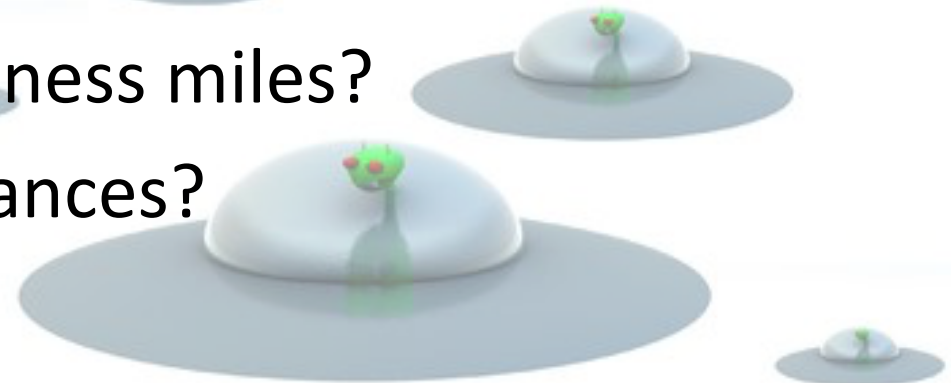


What Is Your “Other Fleet”?

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- **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?



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Who Manages Your “Other Fleet”?

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- Human Relations – Talent Management?
- Administrative Services?
- Risk Management?
- **Fleet Department?**



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What Needs To Be Managed?

Functional Areas To Be Managed	Fleet	POV
Authorization / Enrollment	✓	✓
Spend	✓	✓
Vehicle Type / Cap Cost	✓	✓
Vehicle Age / Replacement	✓	✓
Insurance	✓	✓
Safety / Risk	✓	✓
Taxes	✓	✓
Track Utilization / Minimum Mileage	✓	✓
Track Sustainability	✓	?



Management Of “Other Fleets”

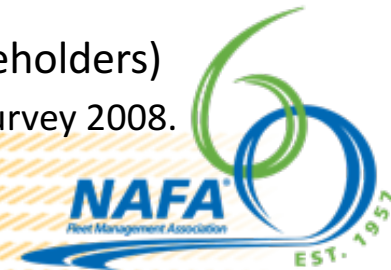
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- Only **1/3 track POV reimbursement spend** in a separate, readily identifiable cost account
- State A , 37,000 employees, **\$13 million** annual reimbursement
 - Some employees receive **>\$10,000 per year**
- State B, 58,000 employees, **\$15 million** 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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Source: NCSFA Survey 2008.



How Chesterfield County Took Steps to Manage Its Other Fleet



What Each Department Needs To Know

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- **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

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- 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

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- 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

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- 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** than 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?**

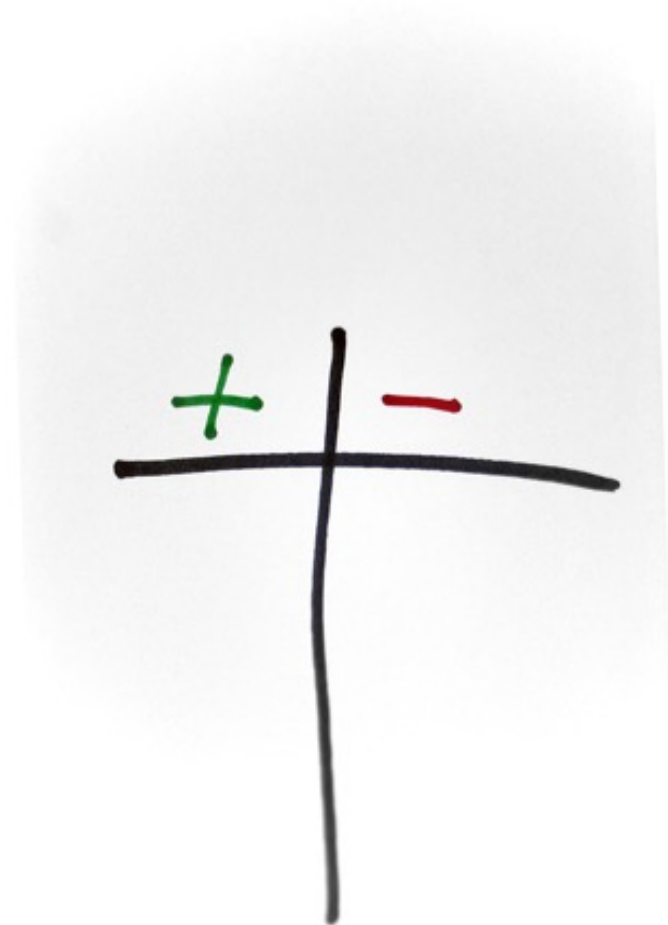
Pros	Cons

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Disadvantages: Adding POVs To Fleet Portfolio

What
do you
think?



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1. Find out who controls the pieces
 - Accounting, SOPs, expense reimbursement
2. Make friends with Finance, Tax, HR, Risk, Legal Depts.
3. Gather demographics
 - Size, volume of spend, reimbursement types
4. Educate yourself
5. Propose improvements

ACTION PLAN

- 1.
- 2.
- 3.



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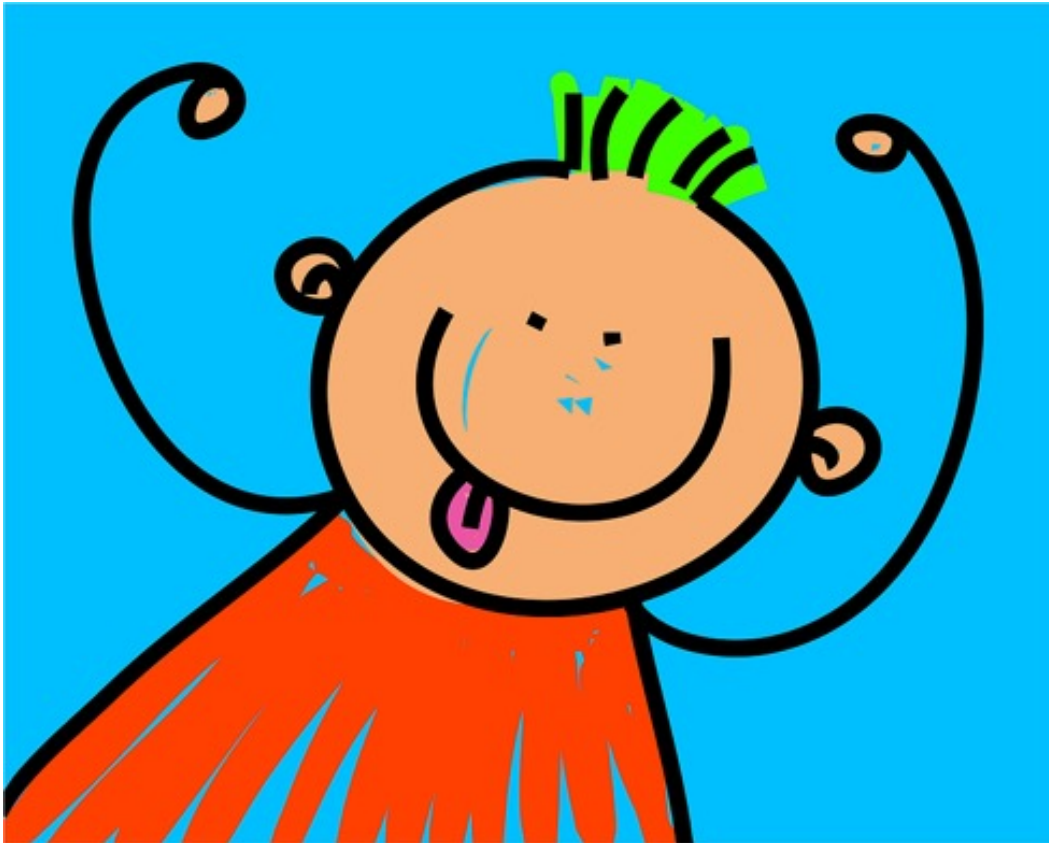


Q&A and Wrap-Up

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Connect with us!



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