

## Overview: Seattle implements fleet management “best practices,” saves \$3 million in current budget cycle

Changes in how Seattle manages its vehicle fleet have netted taxpayers more than \$3 million in savings during the 2009-2010 budget cycle. Seattle is implementing “best practice” recommendations provided by experts hired to assess the City’s fleet operations.

In 2008, Seattle’s Fleets and Facilities Department (FFD) hired an outside consultant, Chatham Consulting, Inc., to assess fleet operations. The consultant evaluated FFD’s current practices, equipment and facilities; identified and proposed appropriate best practices; and developed an implementation plan for the resulting recommendations. In addition, in 2005, Seattle Public Utilities (SPU) hired Mercury Fleet Management Consulting to review its fleet operations. Because SPU’s fleet is managed partially by SPU and FFD, the study included a review of FFD’s competitiveness and internal business processes. While both studies’ overall assessments of FFD’s operations were favorable, they did find room for improvement and City staff have been implementing the best practices recommendations from these studies.

Here is how the savings shake out:

- Lowering fleet fund reserves frees up **\$2 million**. By developing a new forecasting model that projects out 10 years, FFD is now able to minimize its reserves, which frees up funds for other city uses. Accordingly, FFD currently has pending legislation that would turn back \$2 million to the city’s General Subfund and Seattle Public Utilities.
- Extending vehicle life-cycles saves about \$350,000 per year. FFD has re-evaluated the useful life for every kind of vehicle in service. In some cases, the department found the life cycles were too short, meaning that vehicles could have been replaced before their optimal point. By selectively extending certain life cycles, Seattle has cut its replacement costs with no impact on the cost to maintain these vehicles. These life-cycle extensions will save the city more than **\$700,000** in 2009 and 2010; savings will continue in future years as well.
- Seattle has long been working to reduce the size of its fleet. For example, in 2002, the fleet was downsized by 200 vehicles, returning it to 1998 levels. This is an ongoing effort, and Seattle expects to save millions over the next five years by cutting the size of the fleet. Over the past year, the city has eliminated 188 vehicles, so not only will the Seattle avoid the cost of replacing these vehicles, but it will also avoid the cost of maintaining them in the future. Cutting the size of the fleet, coupled with life-cycle extensions, also means that FFD can cut about **\$350,000** from its budget due to reduced staffing needs for vehicle acquisition and maintenance.