

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 21, 2020

TO: MARK B. JINKS, CITY MANAGER

FROM: JEFFREY DUVAL, DEPUTY DIRECTOR- OPERATIONS, T&ES

SUBJECT: ACPS AND CITY FLEET MAINTENANCE PROGRAM
CONSOLIDATION FEASIBILITY AND RECOMMENDATION

The purpose of this memo is to provide an executive summary of the Mercury Associates, Inc. report, dated October 25, 2019, relative to combining vehicle maintenance operations between the City government and Alexandria City Public School (ACPS) as well as provide staff recommendation for potential consolidation.

City staff recommend a consolidation of maintenance of the ACPS light (non-bus) fleet with the City's Fleet Services Division. This consolidation would result in more efficient resource utilization, improved data collection and management, and improved space utilization at both the ACPS and Fleet Services maintenance facilities. At this time City staff does not recommend the consolidation of the ACPS bus fleet with City Fleet Services, but would suggest revisiting that decision as part of the Witter Wheeler Master Planning Effort. Should an opportunity to build a consolidated facility arise, there may be benefits to future consolidation.

In 2018 the City's General Services Department, which at the time oversaw the Fleet Services Division, contracted Mercury Associates, Inc. to complete a detailed review and provide reports on the following four (4) key areas of City fleet maintenance:

1. Fleet Maintenance Program Consolidation Feasibility- a study to evaluate the potential benefits to consolidating the maintenance of the City fleet with the ACPS fleet.
2. Fleet Replacement Study- a study to evaluate the potential options for financing fleet replacement and make recommendations for potential changes to the City's fleet replacement financing plan.
3. City Fleet Maintenance Practices- a study to evaluate the existing City fleet management practices, identify opportunities for improvement, and make recommendations for changes.
4. ACPS Fleet Maintenance Practices- a study to evaluate the existing ACPS fleet management practices, identify opportunities for improvement, and make recommendations for changes.

This memo specifically provides an overview of feasibility of consolidating the ACPS fleet maintenance with the City’s Fleet Services Division.

Mercury analyzed City and ACPS fleet management practices in seven areas (report pages 5-8), assigning each a Maturity Rating. The City’s Fleet Services Division, overall, is operating at a Competent level relative to best practices, while ACPS is rated Basic, indicating a limited understanding of proper methods and inconsistent performance. It should be further noted that ACPS demonstrated a reactive understanding relative to information management, fiscal administration, and customer service. Maturity Scores are defined on page 4 of the report.

The second part of Mercury’s analysis provided a benefit (or drawback) analysis of the proposed consolidation, using the same Operational Areas listed in the preceding paragraph and table. Overall, the proposed consolidation would be of neutral impact to the City, but a benefit to ACPS- in some cases providing high benefit. The key areas and impacts are illustrated below:

Operational Area	Change	
	↑ = Improve	
	↓ = Decline	
	↔ = No Change	
	City	ACPS
Vehicle/Equipment Asset Management	↔	↑
In-House Repairs	↔	↑
Parts Management	↔	↑
Repairs Sent to Commercial Shops	↔	↔
Personnel & Facility Management	↔	↑
Data/Information Systems	↑	↑
Fiscal/Financial Management	↑	↑
Customer Service	↑	↑
OVERALL CHANGE	↔	↑

Mercury identified several key action items (report pages 18-20) that will improve service delivery and accountability, while decreasing costs. While policies and procedures may require re-engineering, Mercury believes their recommendations are realistic and attainable, provided a phased implantation is used:

- **M&R and Fleet Replacement:** Optimize fleet complement and expected useful service life, expand the current fleet management database (FASTER) to incorporate Key Performance Indicators (KPIs) for technical staff, improve cost accounting and internal charge methodologies, and establish Service Level Agreements with customers;
- **Fleet Centralization Expansion:** A consolidation of ACPS fleet (both light and bus) could result in improved efficiencies, data collection and management, and cost savings. Other fleet consolidation opportunities exist, but were not evaluated in this study, including: DASH, Fire, and RPCA small engine/ mowers;

- **Maintenance Facility Needs Assessment:** Conduct space needs studies of ACPS and City/Fleet Services buildings to optimize utilization and productivity/efficiency (**Note:** A separate study of City facilities in the Wheeler-Witter government complex is already underway);
- **Reorganize Staffing Infrastructure:** Consolidate technical, administrative, and allied support staff in ACPS and City organizations to eliminate redundancy and increase service delivery;
- **Reconfigure Fiscal/Financial Structure:** Establish a consolidated M&R operation that recovers 100% of its operating costs from customers; AND
- **Resilient, Customer-Focused Staff Distribution:** Integrate customer operations and needs with employee skillset, allocating staff accordingly in a format beyond the typical Monday through Friday, 9-5 model- possibly including staggered, flex-time or additional shifts.

Although the Mercury recommendation is a full consolidation of ACPS and City fleet maintenance, staff feel that a partial consolidation to include only ACPS light fleet is feasible in the short term. This determination is based on existing physical space and resources, and the temporal proximity to the recent move of the Fleet Services Division from General Services to T&ES. Evaluation of the overall ACPS fleet consolidation to include busses should be considered as part of the Witter-Wheeler Master Plan effort.

Consolidation of the ACPS light fleet into T&ES Fleet Services offers the following efficiencies and benefits:

- Leverages existing T&ES resources more fully- staffing, equipment, and facility
- Frees up space and timing constraints identified in ACPS facility
- Allows ACPS staff to focus solely on bus maintenance
- Leverages existing City data collection, vehicle depreciation and replacement, and preventative maintenance practices which should, over time reduce ownership costs for ACPS light fleet

While it is difficult to identify potential cost savings with the partial consolidation, the real value is in the efficiencies and improvements in preventative maintenance and data management outlined above. In the partial consolidation model, there would be no proposed staffing transfers from ACPS to T&ES. All work would be absorbed by existing T&ES personnel. ACPS would be invoiced for work performed, similar in fashion to other customers including ARHA.

The proposed consolidation of the entire ACPS fleet, as outlined in the Mercury report, has a positive net benefit of \$428,000. Combined staffing could be reduced by 2.7 FTEs for a minimum salary, benefits and compensation savings of approximately \$216,000 (assuming an average SBC of \$80,000 per FTE). Productivity hours would increase by approximately 1,100 and annual Maintenance & Repair (M&R) cost reductions of

approximately \$212,000. Delineation of these savings is discussed on pages 13-14 of the Mercury report.

It should be noted that ACPS has already reached out to Fleet Services to ascertain acquisition and operating costs of converting to the FASTER vehicle management database, which would foster a synergy through shared analytics. More detailed information about maintenance practices in Fleet Services, ACPS, as well as vehicle/equipment life cycle management, are detailed in separate reports drafted by Mercury Associates and summarized in subsequent memoranda.

I am available to discuss the above information at your convenience.

Attachment: "Fleet Maintenance Program Consolidation Feasibility" by Mercury Associates

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