

**Application Form**

Program Title: Usage Options Program

If applicable, identify Partner: \_\_\_\_\_

Submitted by: Claton Chandler

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Department or Corporation: Department of Central Services Fleet Management Div.

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**Application Process**

When preparing and entering your submission, please follow these guidelines:

1. The application form is available online at [www.nasca.org](http://www.nasca.org).
2. All applications must be submitted electronically at [nasca@csg.org](mailto:nasca@csg.org). If you have any questions, contact NASCA staff by email at [nasca@csg.org](mailto:nasca@csg.org) or by phone at 859-244-8181.
3. Adobe Acrobat (PDF) documents will be accepted.
4. More than one program may be submitted from the same entity.
5. **Deadline:** All submissions must be received by March 6, 2009.

**Program Questions**

Please provide a one (1)-page summary of the program. Provide a narrative answer for each question listed below. You are limited to two (2) pages, based on regular 8 1/2 by 11 inch paper, single spaced in 12 point font. The two page limit does not include the one-page summary. Do **not** send supporting documentation.

1. How long has the program been operational?
2. What was the program's start-up cost? Provide detailed information about specific purchases for this program, including staffing needs and other expenditures, as well as existing materials, technology and staff already in place.
3. What are the program's operational costs?
4. How is the program funded?
5. How do you calculate actual savings, i.e., short-term and/or long-term?
6. How do you measure this program's success? Provide quantitative benefits realized by service recipients, taxpayers and/or state agencies?
7. How has the program grown or changed since its implementation?
8. Describe the program's applicability to other states/local/federal governments?

**Deadline - March 6, 2009**

The application package must be received no later than March 6, 2009 for consideration.

**Send Submission(s) to: [nasca@csg.org](mailto:nasca@csg.org) or [mstone@csg.org](mailto:mstone@csg.org).**

## **Oklahoma Dept. of Central Services, Fleet Management Div. - Usage Options Program**

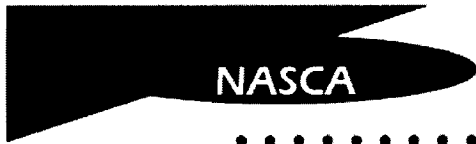
The Oklahoma Department of Central Services, Fleet Management Division has implemented a new Usage Options program. This program includes two options for state agencies to choose from, "Rollover" and "My Team". These options will go into effect, fiscal year 2010 which starts July 1, 2009. These options are a part of our cost saving rate initiative to offset expected shortfalls in operating budgets of the agencies we support. The estimated cost savings for the state's innovative Usage Options Program is expected to exceed \$1,000,000 annually.

**Historical Example — Old Usage Option** The current rate structure design does not have any built in savings features to pass along to supported agencies. When a vehicle is purchased, there is an original lease rate determined for the life of the vehicle with no provision for depreciation or salvage value. That original leased rate is divided by twenty-two working days to arrive at a rate per mile (RPM). With the base lease rate, State agencies are allowed 1,500 miles a month without additional charge. Any vehicle driven in excess of 1,500 is charged at the RPM. For example, for the month of July 2008 the Oklahoma Department of Labor with forty vehicles is allowed 60,000 miles. The total miles driven in July for this agency were 66,770. RPMs were consolidated for assigned agency vehicles. The agency's excess miles are 6,770. Combining the RPM with excess miles driven, their total bill is \$7,469.69 for July.

**My Team — New Usage Option** Under the My Team usage option, unused or banked miles (1,500 allowed monthly per vehicle) were combined for the agency and used to offset total agency miles driven. In addition, usage charges were calculated on the average RPM for the entire team (sedans, pickups, trucks, etc.) and billed monthly creating additional savings. The My Team Usage Option is best suited for agencies with a fleet vehicle composition and mission where some vehicles are consistently underutilized, while others are consistently over utilized. In this example, the Department of Labor's actual miles driven when combined as an agency and were less than the total 60,000 allowable miles, so the agency was not billed. During July, the agency saved \$7,469.

**Rollover — New Usage Option** The Rollover Usage Option calculates miles driven over the fiscal year for each of the agency's vehicles individually. Miles used each month are subtracted from the 1,500 allowable monthly miles. Any unused miles are then added to the subsequent month's allowable miles. Any excess miles that accumulate are carried over and subtracted from the next month's allowable miles. The process continues throughout the year. At the end of the fiscal year, any excess miles are billed to the agency. The Rollover Usage Option is best suited for agencies with seasonal, project driven, or inconsistent utilization. For example, an agency has three vehicles leased for twelve months. Vehicle one has a RPM of \$.35 and has been driven 16,739 miles, vehicle two has a RPM of \$.35 and has been driven 11,010 miles and vehicle three has a RPM of \$.39 and has driven 31, 653 miles. The agency will only be charged for 13,653 excess annual miles driven on vehicle three as it was the only individual vehicle that exceeded the allowed miles for the year. In this scenario, Department of Labor would have saved \$717.

**Results** The Oklahoma Department of Labor signed up for and has been utilizing the My Team Usage Option, achieving a year-to-date savings of \$33,351.06. All remaining leasing agencies will begin using either the My Team or Rollover Usage Plans on July 1, 2009. Projected savings across all leasing agencies are expected to be \$1,000,000 annually.



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1. How long has the program been operational?

The Oklahoma Department of Labor has been serving as the beta organization since July 1, 2008. The remaining leasing agencies elected their usage option prior to December 31, 2008. All leasing agencies will begin either the Rollover or My Team Usage Plans on July 1, 2009.

2. What was the program's start-up cost? Provide detailed information about specific purchases for this program, including staffing needs and other expenditures, as well as existing materials, technology and staff already in place.

There we no start-up cost involved. Using historical mileage data extracted from the State's fleet management software program (AssetWorks Fleet Focus), we created a Microsoft Excel workbook that provides leasing agencies with the data-driven tools (expected costs for each plan and consolidated savings comparison with plans included side-by-side) to make informed decisions. Monthly reporting requirements for the leasing agencies were unchanged.

3. What are the program's operational costs?

There are no unique or additional operational costs involved.

4. How is the program funded?

The program is exclusively funded through a change in rate structure methodology within the Fleet Management Division. Leasing agencies will achieve the cited savings in their monthly mileage charges without any changes in their basic monthly vehicle lease rates. Monthly lease rates are also being reduced under a concurrent initiative to reduce rates based on vehicle depreciation and the expected salvage value of the vehicle when sold.

5. How do you calculate actual savings, i.e., short-term and/or long-term?

We calculated the program savings by comparing the actual miles driven by vehicle and by agency in Fiscal Year 2008 against each of the new usage option plans (assume driving history and trends remain unchanged).

6. How do you measure this program's success? Provide quantitative benefits realized by service recipients, taxpayers and/or state agencies?

Success of the program will be measured against actual billings for comparable periods from FY 2008 and 2009. The Oklahoma Department of Labor (ODL) year-to-date savings this FY have been \$33,501.06 using the My Team Usage Plan.

7. How has the program grown or changed since its implementation?

Currently we have 129 state agencies and divisions signed up for one of the usage options. The estimated savings for the State's innovative usage options are expected to exceed \$1,000,000 annually.

8. Describe the program's applicability to other states/local/federal governments?

This usage options program is non-proprietary, can be replicated, and exported for use by any fleet owner or manager.