

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Transportation

BILL: CS/SB 906

INTRODUCER: Transportation Committee and Senator Brandes

SUBJECT: Fleet Management

DATE: February 2, 2022

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Proctor	Vickers	TR	Fav/CS
2.			AEG	
3.			AP	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 906 requires the Department of Management Services (DMS) to prepare an inventory of all state-owned vehicles, maintenance facilities, and fuel depots and submit it to the Governor, President of the Senate, and Speaker of the House of Representatives by December 31, 2022.

The bill creates the Fleet Operations Management Pilot Program within the DMS to assess the potential for cost savings through a contract for privatizing the management and operation of state-owned vehicles, vehicle acquisitions and disposition, maintenance facilities, and fuel operations.

By October 1, 2023, the DMS and 3 state entities selected by DMS must use a competitively procured contract for privatization. By October 1, 2024, the DMS must select ten additional state entities to use the same contract, and by October 1, 2025, the DMS must direct all state entities to utilize the same contract. Annually, beginning September 1, 2024, the DMS must compile a report, to include its findings and recommendations of the pilot program, and submit the report to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The DMS may incur indeterminate costs associated with the preparation of the inventory, along with the process of privatizing select state management and operation activities. See Section V. Fiscal Impact Statement.

The bill takes effect upon becoming law.

II. Present Situation:

Acquisition, Assignment, and Use of Motor Vehicles and Watercraft

The DMS has the authority to adopt and enforce rules for the efficient and safe use, operation, maintenance, repair, disposal, and replacement of all state-owned or state-leased aircraft, watercraft and motor vehicles assigned.¹ Rules 60B-1.001–1.013, F.A.C., provide for the acquisition, assignment, and use of motor vehicles owned by the state.²

No state agency can purchase, lease, or acquire any motor vehicle, watercraft, or aircraft of any type unless prior approval from the DMS. The DMS approval is not required for the short-term lease of motor vehicles by state agencies.³ Special authorization, with approval from the DMS, is given to the Department of Children and Families, the Agency for Persons with Disabilities, and the Department of Corrections to secure motor vehicles for use at residential facilities, centers, and county health departments.⁴

All state-owned or leased vehicles will be assigned to and operated in conformance with the regulations pertaining to one of the following classes of assignment:

- Class A – Pool assignment,⁵
- Class B – Limited use assignment,⁶ and
- Class C – Special assignment.⁷

Except when otherwise specifically authorized by law, all state-owned vehicles are required to carry an official state license plate.⁸

Bureau of Fleet Management and Federal Property Assistance

The Bureau of Fleet Management (Bureau) within the Division of Specialized Services provides oversight responsibility for the state's fleet of motor vehicles and mobile equipment, along with the federal surplus property program. The Bureau's programs include fleet management, federal property assistance, and aircraft operations.⁹

¹ Section 287.16(6), F.S. establishes rule making authority for the Department of Management Services.

² Rules 60B-1.001 – 60B-1.013, F.A.C.

³ Section 287.15, F.S.

⁴ Section 287.155, F.S.

⁵ Rule 60B-1.006, F.A.C., defines “pool vehicle assignment” to mean vehicles which are centrally controlled and made available for specific trips and returned to the pool upon completion of the trips.

⁶ Rule 60B-1.007, F.A.C., defines “limited use assignment” to mean State-owned or leased passenger vehicles required by an employee or position to conduct official state business and which are required for use 15 or more work days per month but do not classify as special assignment vehicles.

⁷ Rule 60B-1.008, F.A.C., defines “special assignment” to mean vehicles which are state-owned or leased vehicles and are: 1) officially authorized as a prerequisite by the Department of Management Services, 2) required by an employee after normal duty hours to perform duties of the position to which he is assigned, or 3) assigned to an employee whose home is his official base of operation

⁸ Section 287.16, F.S.

⁹ The Department of Management Services, *Fleet Management and Federal Property Assistance*, available at https://www.dms.myflorida.com/business_operations/fleet_management_and_federal_property_assistance (last visited, January 28, 2022).

The Bureau oversees fleet management, which manages the purchase, operation, maintenance, and disposal of the state’s fleet of motor vehicles and watercraft. The state’s fleet currently includes approximately 25,000 assets of 30 agencies.¹⁰ The fleet includes automobiles, light trucks, heavy trucks, aircraft, construction and industrial equipment, trailers, tractors, motorcycles, all-terrain vehicles, boats, airboats, and boat engines. The Bureau is responsible for four areas of fleet management which include: the purchase of mobile equipment, the Fleet Information Management System (FIMS), the disposal of mobile equipment, and the surplus state vehicles and equipment auctions.¹¹

The FIMS, is used to provide management and cost information required to effectively manage the state’s fleet. The FIMS also provides accountability of equipment use and expenditures. The system requires agencies to keep records and provide reports regarding the effective use, operation, maintenance, repair, and replacement of motor vehicles. The system also assures the safe use of motor vehicles and their used solely for state business.¹² The FIMS system does not account for maintenance facilities and fuel depots.

State Agency Fleets

Table 1 provides the total fleet count of state agencies.

Table 1. Agency Fleets

Agency	Total Fleet Count
Agriculture and Consumer Services	3,676
Agency for Health Care Administration	2
Agency for Persons with Disabilities	316
Business and Professional Regulation	705
Citrus Commission	2
Children and Families	598
Economic Opportunities	7
Environmental Protection	1,706
Financial Services	754
Juvenile Justice	771
Law Enforcement	1,156
Military Affairs	118
Management Services	82
Education	62
Health	496
Lottery	267
Revenue	23

¹⁰ The Department of Management Services, *Fleet Management*, available at https://www.dms.myflorida.com/business_operations/fleet_management_and_federal_property_assistance/fleet_management (last visited January 28, 2022).

¹¹ *Ibid.*

¹² The Department of Management Services, *The Fleet Information Management System*, available at https://www.dms.myflorida.com/business_operations/fleet_management_and_federal_property_assistance/fleet_management/fleet_management_information_system, (last visited January 28, 2022).

Agency	Total Fleet Count
State	27
Transportation	3,716
Veterans' Affairs	33
Executive Office of the Governor	53
Florida Commission on Offender Review	3
Corrections	3,949
Fish and Wildlife Conservation Commission	3,533
Highway Safety and Motor Vehicles	4,273
Justice Administration Commission	798
Office of the Attorney General	200
Public Service Commission	33
School for the Deaf and Blind	58
TOTALS	27,417¹³

Business Case for Outsourcing Projects

Section 287.0571, F.S., provides that an agency should complete a business case for any outsourcing projects that have an expected cost in excess of \$10 million within a single fiscal year. The business case should be available for solicitation and must include the following:

- A detailed description of the service or activity for which the outsourcing is proposed;
- A description and analysis of the state agency's current performance, based on existing performance metrics if the state agency is currently performing the service or activity;
- The goals desired to be achieved through the proposed outsourcing and the rationale for such goals;
- A citation to the existing or proposed legal authority for outsourcing and the rationale for such goals;
- A description of available options for achieving the goals. If state employees are currently performing the service or activity, at least one option maintain state provision of the service or activity must be included;
- An analysis of the advantages and disadvantages of each option, including, at a minimum, potential performance improvements and risks;
- A description of the current market for the contractual services that are under consideration for outsourcing;
- A cost-benefit analysis documenting the direct and indirect specific baseline costs, savings, and qualitative and quantitative benefits involved in or resulting from the implementation of the recommended option or options;
- A description of differences among current state agency policies and processes and, as appropriate, a discussion of options for or a plan to standardize, consolidate, or revise current policies and processes, if any, to reduce the customization of any proposed solution that would otherwise be required;

¹³ Email from Sam Kerce, Deputy Director of Legislative Affairs, Department of Management Services, Fleet Data (September 3, 2021) (on file with the Senate Committee on Transportation).

- A description of the specific performance standards that must, at a minimum, be met to ensure adequate performance;
- The projected timeframe for key events from the beginning of the procurement process through the expiration of a contract;
- A plan to ensure compliance with the public records law;
- A specific and feasible contingency plan addressing contractor nonperformance and a description of the tasks involved in and costs required for its implementation;
- A state agency's transition plan for addressing changes in the number of agency personnel, affected business processes, employee transition issues, and communication with affected stakeholders, such as agency clients and the public. The transition plan must contain a reemployment and retraining assistance plan for employees who are not retained by the state agency or employed by the contractor; and
- A plan for ensuring access by persons with disabilities in compliance with applicable state and federal law.¹⁴

Business cases to outsource should be evaluated for feasibility, cost-effectiveness, and efficiency before a state agency proceeds with any outsourcing of services.¹⁵

2019-2020 Government Efficiency Task Force

Approved by voters in 2006 by an amendment to the Florida Constitution, the Government Efficiency Task Force was required to meet, no later than January of 2007, and every four years thereafter for the purpose of developing recommendations to improve governmental operations and reduce costs.¹⁶

As recommended by Governor Ron DeSantis, Senate President Bill Galvano, and Speaker of the House Jose Oliva, the 2019-20 Task Force, established in September 2019, focused on efficiencies that can be gained through leveraging technology to better serve Floridians.¹⁷

The 2019-20 Task Force had numerous recommendations for the Legislature to consider. Such as, consolidating management of all state agency vehicles into one statewide fleet program under one state agency (either the DMS or the Department of Transportation) or third-party vendor with uniform standards for procurement, assignment utilization, maintenance, and disposal of fleet vehicles to reduce cost.¹⁸ In addition, to explore usage patterns to identify where fleet vehicles could be best replaced by private industry alternatives, like state rental contracts, and to develop future plans for procurement and retention with a focus on reducing the cost of initial procurement, maintenance, use, and disposal.¹⁹

¹⁴ Section 287.0571(3)(a-o), F.S.

¹⁵ Section 287.0571(2), F.S.

¹⁶ FLA. CONST. art. III, s. 19(i).

¹⁷ Florida Government Efficiency Task Force, *2019-20 Final Recommendations* (September 30, 2020) (on file with the Senate Committee on Transportation).

¹⁸ *Ibid*, p. 6.

¹⁹ *Ibid*, p. 22.

The states of Michigan, Massachusetts, Minnesota, and Tennessee are examples of states which have a centralized fleet management program, with some aspects outsourced to third parties.²⁰

Fleet Management Business Case

In 2013 the DMS contracted for a Fleet Management Business Case to be completed by Mercury Associates, Inc. The recommendations in the study presented to the DMS included:

- Centralization of Fleet Management:
 - The DMS should assume the primary role for managing fleet related activities across the enterprise (state), such as planning, coordination, analysis and reporting, and establishment of programs that make it easier for fleet users to operate their fleets (such as enterprise-wide systems, tools, contracts, etc.).
- Improve Planning and Funding Levels for Fleet Replacement:
 - The State should centralize fleet replacement planning in the DMS, develop a multi-year recurring spending plan to smooth out inherent peaks and valleys in funding requirements, and explore alternative financing approaches (including leasing) to spread capital costs over the useful lives of fleet assets.
- Right-size the Fleet (reduce fleet size by five to ten percent due to consolidation); and
- Improve Fleet Maintenance:
 - All state-owned shops should be open to all agencies;
 - Shops located in close proximity to each other should be consolidated;
 - Operation of the largest shops should be outsourced to on-site contractors;
 - Smaller state run shops should continue to operate only if they meet rigorous standards for facility condition and management practices;
 - A single contractor should be used to manage all ad hoc vendor maintenance; and
 - All maintenance and repair activities should be coordinated under DMS' oversight through the FIMS.²¹

III. Effect of Proposed Changes:

The bill requires the DMS to prepare an inventory of all state-owned motor vehicles, maintenance facilities, and fuel depots. The DMS is required to submit the inventory to the Governor, President of the Senate, and the Speaker of the House of Representatives by December 31, 2022.

²⁰ Michigan Department of Technology, Management & Budget, *Procurement*, <https://www.michigan.gov/dtmb/procurement/mideal/mideal-contract-search/categories/vehiclestiresparts/fleet-management-services> (last visited January 31, 2022); Massachusetts Department of Transportation's *Fleet Vehicle Operations July 2014*, available at <https://www.mass.gov/doc/massachusetts-department-of-transportations-fleet-vehicle-operations-july-2014/download> (last visited January 31, 2022); Minnesota Department of Administration, *M5 Fleet Management*, <https://mn.gov/admin/government/vehicles/m5-fleet-management/> (last visited January 31, 2022); Tennessee Dept. of General Services Outsources Fleet Maintenance, September 19, 2011, available at <https://www.government-fleet.com/75607/tennessee-dgs-outsources-fleet-maintenance-begins-leasing-program> (last visited January 31, 2022).

²¹ Mercury Associates, Inc., *Fleet Management Business Case for the State of Florida December 2013*, available at https://www.dms.myflorida.com/content/download/98763/571269/Fleet_Management_Business_Case_Final.pdf (last visited January 31, 2022).

The bill provides that the inventory must, at a minimum, provide the following information:

- The entity of ownership of all state-owned motor vehicles, maintenance facilities, and fuel depots;
- The entity of possession of all state-owned motor vehicles, maintenance facilities, and fuel depots;
- The estimated annual operating and other costs of all state-owned motor vehicles, maintenance facilities, and fuel depots;
- The number of full-time equivalent and other personal services positions assigned to operate and maintain each state-owned maintenance facility and fuel depot; and
- The physical address for the location of all state-owned motor vehicles, maintenance facilities, and fuel depots.

The bill requires each state agency and state university to provide any information requested by the DMS necessary for the completion of the inventory.

The bill creates within the DMS the Fleet Operations Management Pilot Program (pilot program). The purpose of the pilot program is to assess the potential for cost savings through a contract with a vendor or contractor for privatizing the management and operation of state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations, and may not include any vehicle designated for law enforcement purposes unless requested by the agency.

The bill directs the DMS to administer the pilot program and competitively procure and contract with a vendor or contractor for privatizing state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations for selected state entities. Any contract with a vendor or contractor for the pilot program must be competitively bid every five years. Any data that relates to the contract must be stored in at least one common format approved by the DMS, and such data remains the property of the DMS. Any vehicle-monitoring hardware installed in a state-owned motor vehicle must be commercially available and may not be proprietary to the vendor or contractor.

For each state entity selected by the DMS for inclusion in the pilot program, the DMS must establish an average baseline of costs associated with state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations using the previous three fiscal years for the state entity.

By October 1, 2023, the DMS and three state entities selected by the DMS, which must have a combined total vehicle fleet size of at least 5,000 vehicles, must use the competitively procured contract selected by the DMS for privatizing the management and operation of state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations. Each state entity selected will be required to provide any information requested by the DMS necessary for privatizing the management of existing state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, fuel operations, and any full-time equivalent and other-personal-services positions assigned to operate and maintain each state-owned maintenance facility and fuel operation.

By October 1, 2024, the DMS must select ten additional state entities must use the competitively procured contract selected by the DMS for privatizing the management and operation of state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations. Each state entity selected will be required to provide any information requested by the DMS necessary for privatizing the management of existing state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, fuel operations, and any full-time equivalent and other-personal-services positions assigned to operate and maintain each state-owned maintenance facility and fuel operation.

By October 1, 2025, the DMS must direct all state entities to use the competitively procured contract selected by the DMS for privatizing the management and operation of state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations. Each state entity will be required to provide any information requested by the DMS necessary for privatizing the management of existing state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, fuel operations, and any full-time equivalent and other-personal-services positions assigned to operate and maintain each state-owned maintenance facility and fuel operation.

The bill provides that annually beginning September 1, 2024, the DMS must compile a report detailing the impact to full-time equivalent and other-personal-services positions and cost savings, if any, and submit such report, along with a list of its findings and recommendations regarding the pilot program, to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

If the DMS is unable to document at least \$5 million in cost savings under the pilot program to the state by July 1, 2025, the pilot program and any vendor or contractor contracts may be terminated. The DMS may also terminate the pilot program and any vendor or contractor contracts earlier if its findings or earlier economic models indicate the pilot program will not result in significant cost savings to the state by July 1, 2025. The DMS may also accelerate the implementation of the pilot program by one fiscal year for each implementation stage if cost savings justify an accelerated implementation.

The bill provides that the bill will take effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The vendor or contractor selected by the DMS may have a positive fiscal impact on revenues by privatizing the centralized management and operation of the state-owned vehicle fleet, motor vehicle acquisitions, maintenance facilities, and fuel depots required by the bill.

C. Government Sector Impact:

The state may see an indeterminate reduction in cost for the management and maintenance of state-owned vehicle fleets, motor vehicle acquisitions, maintenance facilities, and fuel depots due to the centralization and outsourcing of the management and operation of the fleets and facilities to a contractor or vendor.

The DMS may incur indeterminate costs associated with the preparation of the inventory, along with the process of privatizing select state management and operation activities, although the costs that may be incurred by the DMS are indeterminate.

State agencies and state universities may incur additional workload responding to requests from the DMS for information to complete the inventory.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

The bill does not affect any statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Transportation on February 2, 2022:

The CS creates the Fleet Operations Management Pilot Program within the DMS to assess the potential for cost savings through a contract with a vendor or contractor for privatizing the management and operation of state-owned motor vehicles, motor vehicle acquisitions and disposition, maintenance facilities, and fuel operations. The pilot program may not include any vehicle designated for law enforcement purposes unless requested by the agency.

By October 1, 2023, the DMS and 3 state entities selected by DMS must use a competitively procured contract for privatization. By October 1, 2024, the DMS must select ten additional state entities to utilize the competitively procured contract, and by October 1, 2025, the DMS must direct all state entities to utilize the competitively procured contract. Annually, beginning September 1, 2024, the DMS must compile a report detailing the impact to positions and cost savings, if any, and submit the report, along with a list of its findings and recommendations regarding the pilot program, to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

If the DMS is unable to document at least \$5 million in cost savings under the pilot program to the state by July 1, 2025, the pilot program and any vendor or contractor contracts may be terminated. The DMS may also terminate the pilot program and any vendor or contractor contracts earlier if its findings or earlier economic models indicate the pilot program will not result in significant cost savings to the state by July 1, 2025. The DMS may also accelerate the implementation of the pilot program by one fiscal year for each implementation stage if cost savings justify an accelerated implementation.

B. Amendments:

None.