

REPORT TO GOVERNOR RUDY PERPICH

FROM

THE GOVERNOR'S TASK FORCE ON WASTE AND MISMANAGEMENT

STATE PASSENGER VEHICLE REPORT

December 1, 1977

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GENERAL FINDINGS AND SUMMARY OF
RECOMMENDATIONS AND SAVINGS

The Scope of the Report

This report addresses the major aspects of the operation of the state's automobile fleet. Specifically, we have examined ways that cars are purchased, leased, and sold; how they are used, misused, and maintained; and how changes in policies, procedures, and statutes can improve efficiency, lower costs, and increase energy conservation.

The specific points of investigation of this study were to determine:

1. The number of state passenger vehicles.
2. The growth and expense of private car reimbursement.
3. If any changes from the present system are needed to ensure more economical and efficient transportation for state employee business travel.
4. If any changes from the present system would provide better cost control and management.

The Task Force found that state employee transportation is a very large, costly, and complex subject. Since it is also one of the most visible aspects of the conduct of the state's business, it is frequently criticized by private citizens and state employees alike. During the course of this investigation, we have attempted to check the validity of some of these criticisms and, where justified, to make some positive recommendations for change.

Much of the information contained in this report was derived from questionnaires sent to the agencies and from interviews with many agency and department heads. The initial agency questionnaire was sent out in

June, 1977, and the interviews with the major department heads were conducted from August 30 to September 26, 1977. The subsequent data was then analyzed.

Early in the study it became obvious to Task Force members that additional financial expertise was needed to provide a more thorough review and evaluation of the available data. The Minnesota Society of Certified Public Accountants arranged for the loan of two CPA's, Messrs. Roy Rueb (Haskins & Sells) and Robert Klemenhausen (then Arthur Andersen & Company) for roughly a ten-day period. The nature and scope of their work was limited to a review of the financial records and costs and accounting procedures and controls of the Central Motor Pool and the Department of Transportation Motor Pool. (The latter was scrutinized on the assumption that its operation was similar to other agency-owned fleets.) Fleet costs and other operating data were extracted from agency records, however this data was not audited and thus they could not and did not express an opinion about them. The Task Force is indebted to these gentlemen and the Minnesota Society for their valuable contribution to this report.

Based on the data accumulated from the agencies, other state governments, the federal government, and the private sector, an analysis was completed and reviewed by other state personnel. The results are the findings and recommendations of this report.

The Composition of the State Fleet

Before addressing any of the detailed findings and recommendations, it is perhaps best to provide a general overview of the present state passenger vehicle operation. As of June 30, 1977, the state had 2,603 passenger vehicles. Of this total, Central Motor Pool owned and operated roughly one-third of the fleet (852 vehicles), one-third of the fleet were enforcement vehicles (726), and the other one-third of the total were "agency-owned" vehicles (1,025).

The 2,603 passenger vehicles that the state owns can be classified by size as follows:

<u>Vehicle Class</u>	<u>No. of Vehicles</u>	<u>Percent of Fleet</u>
Full-size sedans	1,259	48
Station wagons	277	11
Vans	180	7
Intermediate	561	22
Compacts	317	12
Sub-compacts	9	-
	<u>2,603</u>	<u>100%</u>

We also have investigated the different uses of these state vehicles.

We found that the type of use can be generally categorized as follows:

<u>Use Category</u>	<u>No. of Vehicles</u>	<u>Percent of Fleet</u>
Enforcement	726	28
Regulatory and Inspection	313	12
Messenger	22	1
Commissioner and Agency Head	25	1
Other Individual	597	23
Agency Pool	920	35
	<u>2,603</u>	<u>100%</u>

During the past year (Fiscal Year 1977) state employees traveled an estimated 64.7 million miles, at a cost of approximately \$8.6 million.

These totals can be grouped as follows:

<u>Use Category</u>	<u>F.Y. 1977 Miles</u>	<u>F.Y. 1977 Cost (approx.)</u>
Central Motor Pool	14.8 million	\$1.6 million
Agency-owned	14.9 million	\$1.9 million
Private car mileage	15.7 million	\$2.2 million
Enforcement	<u>19.3 million</u>	<u>\$2.9 million</u>
	64.7 million	\$8.6 million

Of necessity, those uses categorized as enforcement(i.e. State Patrol, Conservation Officers and Bureau of Criminal Apprehension) travel many miles and need individually assigned vehicles. However, even if all enforcement mileage is excluded from these totals, the average annual figure comes to 1,439 for every state employee. If reimbursement rates based on actual state operating costs are applied, each and every state employee would receive approximately \$181 for mileage costs.

The \$8.6 million passenger vehicle cost is not a comprehensive one. For example, it does not include the cost of employees time spent on this vehicle travel. It includes only the operating costs for these automobiles for the 1977 fiscal year.

In addition to employee travel in state vehicles, employees can also be reimbursed for the business use of their personal automobiles. The present rates of reimbursement are 16 cents per mile if no motor pool vehicle is available, and 11 cents per mile if a motor pool vehicle is available but the (metro area) employee still elects to use his or her own car. The private car reimbursement situation will be addressed in greater detail later in the report. It was not the purpose of this study to evaluate the propriety of state employee travel, although we believe that such a study should be made, nor did we inquire into all of the specific reasons for the underutilization of some vehicles. Therefore, we have based our recommendations and savings projections on the assumption that state employees will continue to travel the same number of miles they have in the past, and that all employee auto travel is legitimate business travel. The purpose of this report is to describe how state employees can get better transportation services at a lesser cost.

Finally, the specific findings and recommendations for cost savings are individually identified in subsequent sections of this report.

General Findings

The Task Force identified four major areas of concern in its study of the state fleet.

1. Many of the states vehicles are underutilized. This results in higher operating costs, increased private reimbursement costs, and the unnecessary purchase of additional new vehicles.

2. There is no central control over the purchase, assignment, use or number of state vehicles. Each agency decides on its vehicle purchase, lease, and use needs.
3. There is inadequate information available to monitor and review agency needs or to determine where vehicle reductions and reassignments are needed.
4. There has been no comprehensive energy savings program instituted for the state fleet. Yet, energy conservation could result in considerable savings.

Task Force recommendations on fleet reduction, operating costs, purchasing specifications, vehicle maintenance, car sale, energy conservation, and employee reimbursement policies attempt to address the above concerns.

It should be noted that while increased centralization of responsibility and authority for vehicle utilization and cost is recommended throughout the report, we do not recommend a centralized operation or administration for the various agency fleets--Central Motor Pool, departments of Public Safety, Transportation, and Natural Resources. The Legislature has authorized the state agencies to invest heavily in their own transportation operations, and many of the fleets are tied to an agency's programmatic function, i.e. enforcement, investigation, inspection.

These vehicles have special equipment and serve special needs. They do not provide simply employee transportation, but are implements of the enforcement of state law or the provision of essential state services. Agency fleets are set up to meet those special needs, and the services their vehicles provide can and will be said to be more important than the money that could be saved by centralizing their operations.

Implementation of the recommendations in this report could save the state \$1,775,000. These savings will not be realized in the appropriations process, but will be reflected in reduced fleet operating costs. For example, the decision to purchase smaller, less expensive cars will save money at the time of purchase and throughout the life of the vehicles.

A SUMMARY OF RECOMMENDATIONS AND SAVINGS

FLEET REDUCTION

FINDINGS

The Task Force found that some vehicles leased from Central Motor Pool by the agencies on year-long or monthly leases or owned by the agencies themselves are underutilized. These lease arrangements should be changed or the car should be reassigned or sold.

Presently, mileage is used as the main criteria for determining underutilized cars. Usage should also be considered. Often vehicles on permanent assignment to an individual stand idle and unavailable for use by other agency staff.

At the present time there is no centralized control over car purchasing, and therefore, no way of determining whether travel needs should be met through the purchase of new vehicles or the reassignment of existing ones. Such control would eliminate the need to lease private cars.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

Reduction and Reassignment:

1. The Commissioner of Administration, in cooperation with other state agencies should provide for the reassignment of 78 underutilized

vehicles identified by the Task Force in order to reduce private car reimbursement. This initial reassignment shall be accomplished by no later than June 30, 1978.

2. The Commissioner of Administration, in cooperation with other state agencies, should provide for the sale of 202 passenger vehicles. The sale of these vehicles should be completed by no later than October 30, 1978.

Vehicle Use:

3. The Department of Administration should review, on a quarterly basis, both the mileage and frequency of use in order to determine which state cars are underutilized. This review should also include a determination of the most economical type of agency assignment that should be made (i.e. daily vs. weekly vs. monthly).
4. The Department of Administration should reassign Central Motor Pool cars to state agencies on a weekly or daily basis where such reassignment is presently more economical. Reassignment needs should be reviewed at least on a quarterly basis.
5. The Department of Administration should also reassign other underutilized Central Motor Pool cars, presently assigned on a monthly basis to state agencies, to be used as "pool" cars which would be available to any state employee on a trip basis.
6. Agency heads should, where feasible, consider a general staff or "pool" assignment for cars with low mileage use.
7. No other state employees, except for enforcement personnel, "inspectors working out of their homes," and employees on 24-hour call, should have cars individually assigned for their use.

Commissioner and Agency Head Use:

8. No commissioners or agency heads should have state cars assigned solely for their use.
9. No other car assignments to state agency personnel should be made on the basis of "status or tradition."
10. The Department of Administration in cooperation with other state agencies should formulate a uniform state policy for the use and assignment of state passenger vehicles.

Purchase Control:

11. In the future, the Department of Administration should have the authority to review and control the number and type of all state-owned passenger vehicles. This control should be effected through its Procurement Division and Central Motor Pool.
12. Before additional state "agency-owned" vehicles are authorized for purchase, state agency heads should provide the Commissioner of Administration with vehicle usage data to show that existing agency vehicles are fully utilized, that no Central Motor Pool cars are available to meet their needs, and that travel needs cannot be met through more economical alternatives.

Car Leasing:

13. When state agencies need to meet seasonal business travel requirements and no motor pool car is available, they should consider short-term car leasing agreements or temporary private car reimbursement and determine the most economically feasible alternative.
14. More efficient use of the state's car fleet should essentially eliminate the future need for long-term (one year or longer) private car leases by state agencies. These existing leases should not be renewed when they expire.

SAVINGS

Car Sale:

The sale of 200 cars from the state fleet will yield an estimated one-time savings of \$140,000. The Task Force assumes that those 200 cars will be the oldest cars in the fleet. This savings estimate is based on the actual sale price of the oldest state-owned vehicles sold in Fiscal Year 1977.

Purchase Price Savings:

Currently the state has a 2,603 car fleet. The Task Force recommends a fleet level of 2,400 cars. Based on our recommended car replacement schedule (65,000 miles or 3½ years) and our recommended fleet reduction to 2,400 cars, the state will not replace 60 vehicles per year that it currently purchases. Using the state's actual 1977 car purchase and resale costs, the Task Force estimates the annual purchase price savings at \$250.

Elimination of Car Leases:

The Task Force estimates using actual Fiscal Year 1977 operating costs of these leases to the state, that \$18,000 can be saved annually by the elimination of private car leases when the present leases expire.

OPERATING COSTS

The Department of Transportation's automated cost-accounting systems enables them to collect data on individual cars and more accurately determine utilization and operating costs. Central Motor Pool and other agencies should consider similar cost-accounting systems for their car fleets.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Central Motor Pool should biennially review its rate structure and adjust it so that charges to user agencies cover all costs of its operation, including vehicle replacement.
2. Central Motor Pool should obtain an automated cost-accounting system that would provide the data recommended by the CPA's.
3. Central Motor Pool should collect financial information by car rather than by car class.
4. Accrual-basis, rather than cost-basis, financial statements should be utilized by Central Motor Pool because they are more meaningful and appropriate to their "revolving fund" operation.
5. Any Central Motor Pool rate changes should be prepared in advance of each biennial budget so that state agencies can adjust their transportation budget requests accordingly.
6. Other state agencies that have "agency-owned" passenger vehicles should develop or utilize existing automated cost-accounting systems in order to control the costs of their fleets. These systems should include the components recommended by the CPA's.
7. The Legislature should fund the Travel Coordinating Center's programs that are not directly connected with the daily operation of the Central Motor Pool (commuter vans, carpooling) by a separate legislative appropriation and not out of the Central Motor Pool's "Revolving Fund."

SAVINGS

The savings realized through the implementation of the above recommendations are included in other "Savings" sections of this report.

PURCHASING SPECIFICATIONS

Present purchasing specifications such as wheelbase and engine size should be changed in order to downsize the state fleet.

Various optional equipment, such as cruise control, rear window defoggers, radial tires and car color should be considered in the interests of employee safety and cost savings.

In the past, cars have been purchased from the lowest bidder based on specifications which made no provision for any desired performance standards. The car with the cheapest purchase price is not necessarily the cheapest car to operate if maintenance, gas, depreciation, and other costs are high. "Total-cost purchasing," a concept predicated on buying a car that is calculated to be the most economical over its life expectancy, should be further investigated by the Department of Administration, in cooperation with other appropriate agencies.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Commissioner of Administration should write specifications for the purchase of 1978 model passenger vehicles that reduce minimum standards for wheelbase and engine size.
2. Based on the recommended changes in the EPA mileage specifications, it is estimated that energy efficiency can be increased by approximately 19 percent.
3. The Commissioner of Administration should continue to annually review car purchasing specifications to facilitate the downsizing of the state fleet.

4. The Department of Administration Procurement Division should increase their efforts to provide agencies with vehicles most appropriate for their individual usage needs.
5. In order to promote the purchase and use of energy efficient passenger vehicles, the director of the State Energy Agency should approve the purchasing specifications developed by the "user committee."
6. The Department of Administration should include the car options specified in the above narrative section for the purchase of 1978 model state cars.
7. Consumer's color preference, safety, maintenance, and repair costs should be considered in the selection of the new car colors for state non-enforcement passenger vehicles.
8. The departments of Administration and Transportation and the Energy Agency should cooperate in examining a life-cycle cost formula for the purchase of state passenger vehicles.

SAVINGS

Downsizing:

Direct Running Costs--By the implementation of state fleet and the fleet reduction recommendations the Task Force estimates that \$737,000 can be saved annually through reduced running costs. The running costs include such things as gas, oil, maintenance repairs, etc. The estimated savings is based on the state's actual Fiscal Year 1977 running costs.

Purchase Price Savings--These savings are realized by replacing the larger cars in the state's fleet with smaller, less expensive cars. Savings were calculated using the 1977 purchase prices for each car class, the 1977 resale prices for each car class, and the differences in the rates of depreciation for each car class over the life of the car. The annual savings estimated by the Task Force as a result of purchasing smaller cars amounts to \$175,000.

Car Options:

Cruise Control--The Task Force, using information obtained from Nevada and Iowa state agencies, found that the installation of a cruise control mechanism on state-owned vehicles can increase the energy efficiency of each vehicle. During Fiscal Year 1977, state-owned vehicles traveled 48.7 million miles. Since cruise control cannot be used in heavy traffic and in general city driving, it will reduce gasoline consumption for approximately 70 percent of the state's passenger vehicle mileage.

Radial tires--The state can save money by purchasing radial tires for its vehicles. According to Department of Administration sources, beginning with model year 1978, radial tires will be standard equipment on all vehicles except for compacts and sub-compacts. There is an additional cost of approximately \$65 on sub-compact and compact purchases.

Car Color--A 1977 legislative change now allows the state to purchase cars in a variety of colors. The past requirement of a specific shade of maroon cost \$90 extra per car.

The savings realized through the purchase of the above options is \$351,000 annually.

CAR SALE

Agencies use different mileage guidelines to determine the disposal of their vehicles. Generally, however, low operating costs are maintained and employees assured of safe, reliable vehicles if cars are replaced at about 60,000 to 65,000 miles.

The state sells its used vehicles at public auctions. In discussions with private fleet managers, the Task Force learned that the best times to sell cars are in April and immediately after the new

model announcements in October. It also has been found that selling fewer cars at each auction tends to raise their sale price.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. For economic reasons, the Task Force believes the state should not generally pursue a policy of "reconditioning" state automobiles to operate them to 100,000 miles or more.
2. The departments of Administration and Corrections should determine the economic feasibility of doing body work on state automobiles (except enforcement) and determine by no later than June 30, 1978, whether this proposal should be implemented.
3. If the proposal for having car body work done by inmates at the Corrections facilities is shown to be economically feasible, the Task Force recommends that the Commissioner of Administration in cooperation with the Commissioner of Corrections should arrange to have such work done, not only on Central Motor Pool vehicles, but some "agency-owned" vehicles as well.
4. As many state cars as possible, scheduled for replacement during a given year, should be sold at public auctions in the months of April, May, September, and October.
5. Since smaller auctions increase the price paid for used vehicles, the Task Force recommends that the present number of auctions be increased and that they be held during the months of April, May, September, and October.

SAVINGS

By changing the present state auction schedule and selling cars at public auctions during the spring and fall of each year, the Task Force estimates, based on actual state sales data, the state could increase its sale prices by approximately \$56 per car. This amounts to an estimated annual savings of \$9,000.

CAR MAINTENANCE

Lack of adequate, timely maintenance only increases operating costs, but also encourages the use of private automobile travel. Central Motor Pool should institute better maintenance procedures and users should report car problems before they require expensive repairs.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Central Motor Pool should increase its preventive and routine maintenance checks on its vehicles.
2. The Central Motor Pool should increase its efforts to educate agencies of the need to notify them, in a timely manner, when a car assigned to the agencies is in need of repair.
3. In order to provide a financial incentive for the Central Motor Pool to expedite the necessary maintenance and repairs, the Central Motor Pool should not charge agencies their flat (monthly or weekly) rate when a vehicle is in for repair if replacement transportation is not provided.
4. The Central Motor Pool should streamline its procedures for authorization of car repair and maintenance by private shops. This is particularly important for outstate maintenance repair work.

5. The Travel Coordination Center should make better arrangements for the continuance of transportation services to state agencies whose vehicles are being repaired through better use of "loaner" Central Motor Pool vehicles.

ENERGY CONSERVATION

Fleet downsizing, purchase of cruise control and radial tires as car options, and drivers training programs are all areas where the state could save both energy and money. Recommendations for energy savings realized from fleet downsizing and car option purchases are mentioned in the "Purchasing Specifications" section.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The departments of Public Safety, Education, and Energy should cooperate to develop a driver energy conservation-safety program for state employees. Particular emphasis should be given to training enforcement, inspection, and other state personnel whose jobs require a great amount of state automobile travel.
2. The Commissioner of Public Safety should monitor the effectiveness of this driver education program and provide "refresher" courses, where necessary, for state employees.

SAVINGS

Cruise Control

Savings from the installation of cruise control is included in the "Savings" section of "Purchasing Specifications."

Driver's Education

In calculating the energy savings realized through the implementation of "Featherfoot" or some other similar driver's education program, the Task Force suggests that the program be directed at high mileage users. The initial cost of implementing the driver's education program will be \$10,730, part of which may be offset by federal funds. The driver's education program is assumed to be 50 percent effective, i.e. the same rate of effectiveness experienced by other government units and private industry. The estimated annual savings from implementing a driver's education program would be \$147,000.

CAR REIMBURSEMENT

There are two private car reimbursement rates: 16 cents per mile if metro-area employees drive their own cars when no motor pool car is available, and 11 cents per mile if employees elect to drive their cars and a motor pool car is available. Private cars are presently used for approximately 25 percent of employee auto travel. Reassigning underutilized vehicles to Central Motor Pool or agency pools will make more vehicles available for weekly and daily employee use.

During Fiscal Year 1977, the state over-reimbursed about 140 employees between \$2,000 and \$6,200 for private mileage. In many of these cases, the agency for which the employee worked had underutilized state vehicles.

State law requires that employees who drive to work in state cars, and are not legally exempted, must reimburse the state for the full cost of this travel. The Task Force found instances where over 50 percent of the mileage on state vehicles was for personal use, and that while the personal use reimbursement rate covers the operating costs of a Central Motor Pool vehicle, it does not necessarily cover the higher per mile operating costs of agency-owned vehicles.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

Private Car Reimbursement:

1. By Fiscal Year 1979, the Department of Administration should, through vehicle acquisition and reassignment, reduce private car reimbursement (at 16 cents per mile rate) by 15 percent from Fiscal Year 1977 levels.
2. The Commissioner of Administration should monitor quarterly the relationship between Central Motor Pool car utilization and employee reimbursement and direct other state agency heads to reassign vehicles to reduce private car reimbursement to state employees.
3. Agency heads should review the private car reimbursement paid to their employees and, where feasible, make either Central Motor Pool-leased or agency-owned vehicles available to employees receiving over \$2,016 reimbursement per year. This amount should also be periodically reviewed to be consistent with state car operating costs or the Central Motor Pool rate structure.
4. The Commissioner of Personnel should cooperate with the Commissioner of Administration in the preparation of a car use policy and regulations concerning private car mileage rates.
5. State agency heads should review on at least a quarterly basis the use of their agency-owned vehicles and should reassign these in order to reduce private car mileage reimbursement (at the maximum rate) or to dispose of these underutilized vehicles at public auction.

Overpayment for State Employee Travel:

6. The Department of Administration should eliminate the assignment of annual control numbers to high mileage users, which allow employees

to be reimbursed by the state at the maximum rate (except for employees with special health requirements).

7. The Department of Administration should consider the assignment of annual control numbers to employees for private car mileage where such assignment would be more economical than use of state passenger vehicle.
8. No other state employee located in the metro area should be assigned a control number to charge the maximum private car reimbursement rate if any Central Motor Pool or "agency-owned" vehicle is available for the employee's use. Exceptions should be made for certain medical reasons (i.e. handicapped employees with specially-equipped vehicles).
9. The Department of Administration should periodically reevaluate the policy of allowing an average of 50 private car miles (at 16 cents per mile) per day and should reduce the maximum allowable mileage restrictions as well.
10. The commissioners of Finance and Administration should jointly advise all state agency heads and controllers to check employee expense reports thoroughly to avoid overpayment for state employee travel.

Employee Payments for Personal Use of State Cars:

11. The Department of Administration should review, on a quarterly basis, the assignment of employees allowed to reimburse for the personal use of state cars.
12. The Commissioner of Administration in cooperation with the Commissioner of Finance should prepare a uniform state policy for the reimbursement rate charged to state employees for the personal use of state cars as provided in M.S.A. 16.753.
13. The Department of Administration should establish uniform rates for employee reimbursement for personal use of state cars. This rate

should cover all costs and should be based on the class (size) of car driven by the employee.

14. The Department of Administration's Travel Coordination Center should establish procedures for the checking of the availability of motor pool cars, including those assigned on a monthly basis to agencies, before authorizing employee private car mileage reimbursement at the maximum rate.
15. The Legislature should review reimbursement policies for the employees' personal use of state automobiles.

SAVINGS

Elimination of Private Car Reimbursement Overpayment:

According to information supplied by the Department of Administration, ten percent of the private car reimbursement payments at the 16 cents per mile rate should be made at the 11 cents per mile rate. The Department of Administration estimates that of the \$2,216,137 paid in private car reimbursement in Fiscal Year 1977, 70 percent was made at the 16 cents per mile. The elimination of this five cents per mile overpayment would result in an estimated annual savings of \$48,000.

15 Percent Reduction of Private Car Reimbursement:

The Department of Administration estimates that a 15 percent reduction in private car reimbursement at the 16 cents per mile rate can be accomplished through better utilization of state vehicles, i.e. vehicle assignment and reassignments. This 15 percent reduction in private car reimbursement at the 16 cents per mile rate will result in an estimated annual savings of \$72,000.

MISCELLANEOUS FINDINGS

The Task Force believes that public allegations about employee misuse of state vehicles are investigated by Department of Administration officials in a timely, fair, and thorough manner.

According to the Office of the Attorney General, it is questionable whether the use of decals is in compliance with the state's uniform marking laws for state vehicles. That portion of the law that may prohibit the use of "decals" should be changed. Decals are easier to apply and cheaper to use than the painted identification, which the law presently requires.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. Agency heads should check the marking on state vehicles owned, leased, or assigned to their agencies to ensure that they are marked in the manner provided by state law.
2. The Legislature should amend M.S.A. 16.75 and 168.01 to specifically allow for the marking of state vehicles with decals.

ALTERNATIVES TO STATE-OWNED TRANSPORTATION

The Task Force contacted GELCO Corporation and National Car Rental to examine the feasibility of private fleet management as an alternative to state ownership of automobiles. We believe that private fleet management may provide better passenger transportation service at a lower cost than the present state fleet operation, but any change would require careful consideration of new legislation.

There are, however, alternatives to automobile travel currently available to state employees, such as telephone conference calls, mass transit, and commercial and state-owned aircraft.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Legislature should seriously consider the feasibility and desirability of private fleet management as an alternative to the present state fleet operation.

2. The Commissioner of Administration should contact private fleet managers to investigate the feasibility of purchasing such services as an alternative to providing its own transportation.
3. State agencies should make better use of the services available to them through the Telecommunications Division of the Department of Administration.
4. The Energy Agency and the Department of Administration should increase their efforts to inform state employees about mass transit and carpooling as alternatives to individual state business travel.

TOTAL SAVINGS

Savings are based on the cost of the present fleet, not on the cost of the proposed fleet. It will take approximately three years to downsize the fleet to the composition recommended by the Task Force. Some of the savings will be realized in Fiscal Years 1978 and 1979, but the majority of savings will be realized on an annual basis when the recommended fleet composition is reached.

We expect that the operating costs of employee private car and state car use will continue to rise because of anticipated increases in the cost of gasoline, new cars, inflation, and other aspects of employee state travel. Therefore, the savings identified in this report will be realized primarily through reduced operating costs and a less dramatic increase in the cost of operating the state fleet than would occur if these recommendations are not implemented.

CAR STUDY

ANNUAL SAVINGS (Rounded to 000)

<u>DESCRIPTION</u>	<u>FISCAL YEAR</u>			
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981*</u>
Fleet Reduction:				
Sale of surplus cars	\$120,000 (one-time)	\$ 20,000 (one-time)	-	-
Purchase price savings	250,000	250,000	\$ 250,000	\$ 250,000
Elimination of private car leases	-	18,000	18,000	18,000
Downsizing:				
Purchase prices	175,000	175,000	175,000	175,000
Direct running costs	105,000	211,000	422,000	737,000
Car options	50,000	100,000	200,000	351,000
Car auctions	9,000	9,000	9,000	9,000
Driver's education	-	147,000	147,000	147,000
Car reimbursement overpayment	48,000	48,000	48,000	48,000
15 percent reduction in private car reimbursement (at 16 cents per mile)	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>	<u>72,000</u>
	\$829,000	\$1,050,000	\$1,341,000	\$1,807,000

* By Fiscal Year 1981 it is anticipated that the downsizing of the state's fleet, as recommended by the Task Force, could be accomplished. Therefore, the estimated annual savings after Fiscal Year 1981 is expected to be \$1,807,000.

FLEET REDUCTION

The Task Force completed an inventory of our state passenger vehicles from information supplied from individual agencies. From this data, we determined the number of cars in the fleet, their size, operating costs, mileage, use and primary user.

The Task Force reviewed the information (car inventory) supplied by each agency, and met with the head of each agency that had over 30 cars assigned to it. When questions arose concerning agencies with less than 30 cars, most of these agencies were also contacted by phone or letter. Interviews with agency heads were conducted from August 30 through September 26, 1977. Based on this information, individual car usage checks, and other analyses we determined that passenger vehicle reductions could be accomplished in some agencies without causing significant impairment of agency operations.

In considering fleet reductions, the Task Force decided not to arbitrarily require a certain percentage of cars to be eliminated for all state agencies (i.e. five percent, ten percent, etc.), but rather to examine each agency's vehicle usage and needs on an individual basis.

FINDINGS

Presently, there is no central control over the assignment, use, or number of state passenger vehicles. The Central Motor Pool, Department of Transportation, and other state agencies own and control the state's passenger vehicles. The Central Motor Pool "leases" cars to state agencies on a monthly, weekly, or daily basis. Agencies using Central Motor Pool cars are charged a flat rate for the length of use (i.e. month, day, etc.) and an additional charge for mileage driven. With the recent growth in some departments, the Central Motor Pool has been unable to meet requests

for additional vehicles. When the Central Motor Pool cannot meet these requests, a "ripple" effect of cost increases in other areas frequently occurs, as state agencies look to other ways of meeting their travel needs. These needs are often met by more costly alternatives, such as private car reimbursement, direct agency car purchase from its operating funds, or car leasing. The result is not cost savings but "cost displacement" to other areas.

Reduction and Reassignment

State agencies reported 2,603 passenger vehicles in the state's fleet as of June 30, 1977. At the present time, the Central Motor Pool must verify that they do not have a vehicle available for assignment to an agency before a state agency can enter into an agreement for the lease of private vehicles.

The Task Force found that some cars are being held on monthly Central Motor Pool assignments, by state agencies throughout the year, when a seasonal private car lease or a Central Motor Pool seasonal-use car would have been more economical, and that some agencies had Central Motor Pool vehicles on a monthly basis, when these could have been more economically used on a weekly or daily basis. This not only costs the agency leasing the vehicle from the Central Motor Pool more money but further aggravates the problem by not having the vehicle available to the Central Motor Pool to assign to other potential users on a daily or weekly basis. This in turn, increases the private car reimbursement cost since employees are then reimbursed for the use of their car at 16 cents per mile rather than 11 cents per mile. This problem still exists, although it was identified in a 1970 Legislative Audit Commission Report.

This is not so much a problem of too few cars as it is a need for better utilization of existing cars. To put it simply, more effective monitoring of vehicle use is needed to improve the utilization of existing vehicles, before acquiring additional ones.

Central Motor Pool officials have experienced some problems in trying to take cars back from agencies for reassignment. They presently list 21 cars as underutilized and are monitoring the use of an additional 37.*

Vehicle underutilization is not unique to Central Motor Pool vehicles. For example, using the Central Motor Pool's criteria for determining underutilization (1,050 miles per month) the Task Force found one agency had 95 such vehicles. Even though the Task Force believes that the Central Motor Pool could do a more effective job of monitoring and utilizing its vehicles, we found that the monitoring and utilization of non-enforcement, agency-owned vehicles was generally less effective than that by the Central Motor Pool.

Vehicle Use

In an attempt to analyze the multitude of state vehicle uses for business travel, the Task Force compiled data from the agencies regarding car assignments and the primary use of each vehicle. This data was compiled for each agency and was grouped into six general categories for purposes of analyzing the state fleet in its entirety. (See Table 1.)

There are a number of factors to be considered when analyzing the most cost-effective car use (use of private car reimbursement vs. state car use). First, in the vast majority of cases, vehicle ownership has not been a condition of state employment, so use of personal cars for state business travel cannot generally be mandated. Second, there are as previously stated, certain uses (i.e. "messenger") that inherently

* July - September, 1977 Central Motor Pool vehicle use report.

have only low mileage usage. Third, more effective "pooling" of employees' use of a single state car is more effective than paying each of three or four employees private car mileage at the maximum rate.

Besides vehicle reduction, future effective state fleet management will require the reassignment of vehicles to priority (high mileage) users. This requires some central system of monitoring, so that cars can be re-assigned to account for changes in jobs and workload priorities.

During the investigation of employee car use, the Task Force found a wide variation in the mileage a car is driven during the course of a given year. This is to be expected, because of the diversity of uses of these state vehicles. However, it was found by the Task Force and other agency heads who previously had examined their own departments' passenger vehicle operation that the permanent assignment of cars to individual employees is not the most effective use of the vehicles, and that better utilization can be achieved by a general or staff "pool" assignment. Cars are then used on "a first come - first served," or work-priority basis. This reduces the "it's my car" attitude that can develop. However, certain cars such as those used by enforcement personnel and "inspectors" who work out of their homes will probably have to continue to be individually assigned.

The Central Motor Pool does monitor the mileage on their 852 vehicles, but they do not generally monitor the frequency of use for determining whether cars should be reassigned. High mileage could be accrued on only two or three trips a month. And, as mentioned previously, although the Central Motor Pool officials have found vehicles which are underutilized, they have not always reassigned these vehicles.

The Task Force also found that some agencies do not regularly monitor the use of their "agency-owned" vehicles in order to make it possible to arrive at effective car assignment (allocation) policies. There is a need for the continued monitoring of vehicle mileage and usage for these purposes.

Commissioner and Agency Head Use

The utilization of cars by agency heads has been found in many cases to be quite low. In fact, the mileage on certain vehicles is so low that it would be far more economical if the state were to reimburse agency heads at the maximum rate (16 cents per mile) for use of their personal cars.

Specific instances have been found by the Task Force where the major use of the vehicle assigned to an agency head has been commuting to work. (It should be noted, however, that M.S.A. 16.753, Subd. 1 requires state employees to reimburse the state for this personal use of a state vehicle.)

In addition the Task Force has found that while some of these cars have low mileage use, they are frequently not available to other department staff. Often, then, other department staff can claim maximum private car reimbursement because "no motor pool car is available." Although, some agency heads stated that the car "was available to other staff when not in use by them," the Task Force found, by checking specific car mileage records, that this was often not the case.

Purchase Control

It should be emphasized that cost control starts with vehicle acquisition. There is a need to centralize control over car purchase. Presently, all passenger vehicle purchases and leases are made through the Procurement Division of the Department of Administration. However, this control is limited to developing statewide purchasing specifications. Procurement does not have the responsibility for determining whether such

a vehicle purchase is necessary. This "need" is evaluated by the individual agencies and at the present time, there is no uniform state policy for determining such need.

Without further centralization of control, it is virtually impossible to determine whether there is a legitimate need to acquire additional vehicles or whether these travel needs could be met by reassignment or better utilization of existing vehicles. The need for better monitoring of the existing fleet and greater centralization of cost control was also suggested by various heads of state agencies in their discussions with Task Force members.

Before additional vehicle purchases are even requested, the agencies should be expected to answer the following questions:

1. Are present vehicles being fully utilized..
2. If so, does the Central Motor Pool have a car available for assignment.
3. Is there a more economical alternative to purchase (i.e. private car reimbursement for low mileage uses, or private leases for seasonal usage).

Car Leasing

State agencies can lease cars from the private sector provided that they have checked with the Central Motor Pool and the Motor Pool has confirmed that they do not have any state cars available to assign to them. State car leases vary in type. In some instances, the state pays a fee for the use of the car, and all maintenance work is done by the lessor. In others, the state pays for the use of the car, but maintenance and repairs are the state's responsibility. Often the agencies then have

maintenance and repairs done by the Central Motor Pool. Car leasing by the state is economically justifiable, the Task Force found, only in a few special circumstances.

According to a March, 1977 report by the Legislative Audit Commission:

Central Motor Pool has entered into several agreements with state agencies involving two types of car leases. On June 30, 1975, Central Motor Pool had lease agreements with car leasing companies for 41 cars for one and two years each to fulfill agreements to supply cars to the following agencies.

Bureau of Criminal Apprehension	25
Department of Health	10
Fire Marshal	5
Veterans' Affairs	1

The Legislative Audit Commission also found that:

Based on the estimated 40 month life of a Central Motor Pool vehicle, we estimate that the cost is approximately \$3,300 per year more to lease ten vehicles for the Department of Health than it would be to use ten Central Motor Pool vehicles.

Presently the state has a total of 23 private car leases. The Bureau of Criminal Apprehension has recently reevaluated their policy for car leasing and ownership and determined that the cost of operating agency-owned vehicles was 13 cents per mile while costs for leases were 18 cents per mile. The Bureau also found that with their mileage history, they could save \$20,000 annually, based on a 20-vehicle lease agreement. Based on the Bureau of Criminal Apprehension analysis, Superintendent Tschida has informed Task Force members that they intend to purchase vehicles for their operations.

Vehicle Reductions

The vehicle reductions recommended by the agencies themselves are shown on Table 2. Based on car usage records and other data the Task Force believes that additional cars can be reduced from the state fleet. The Task Force's recommended reductions are also shown on Table 2.

Some of the underutilized cars found by the Task Force are recommended to be assigned to the Central Motor Pool for reassignment to other agencies in order to reduce private car reimbursement costs. The reassignment of these vehicles will result in greater savings to the state than if they were sold.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

Reduction and Reassignment

1. The Commissioner of Administration, in cooperation with other state agencies should provide for the reassignment of 78 underutilized vehicles identified in Table 2 in order to reduce private car mileage reimbursement. This initial reassignment will be accomplished no later than June 30, 1978.
2. The Commissioner of Administration, in cooperation with other state agencies, should provide for the sale of the 202 passenger vehicles identified in Table 2. The sale of these vehicles should be completed by no later than October 30, 1978.

Vehicle Use

3. The Department of Administration should review, on a quarterly basis, both the mileage and frequency of use in order to determine which state cars are underutilized. This review should also include a determination of the most economical type of agency vehicle assignment that should be made (i.e. daily vs. weekly vs. monthly).
4. The Department of Administration should reassign Central Motor Pool cars to state agencies on a weekly or daily basis where such reassignment is presently more economical. Reassignment needs should be reviewed at least on a quarterly basis.

5. The Department of Administration should also reassign other underutilized Central Motor Pool cars, presently assigned on a monthly basis to state agencies, to be used as "pool" cars which would be available to any state employee on a trip basis.
6. Agency heads should, where feasible, consider a general staff or "pool" assignment for cars with mileage use.
7. No other state employees, except for enforcement personnel, inspectors working out of their homes, and employees on 24-hour call, should have a car individually assigned for their use.

Commissioner and Agency Head Use:

8. No commissioners or agency heads should have state cars assigned solely for their use.
9. No other car assignments to state agency personnel should be made on the basis of "status or tradition."
10. The Department of Administration, in cooperation with other state agencies, should formulate a uniform state policy for the use and assignment of state passenger vehicles.

Purchase Control:

11. In the future, the Department of Administration should have the authority to review and control the number and type of all state-owned passenger vehicles. This control should be effected through its Procurement Division and Central Motor Pool.
12. Before additional state "agency-owned" vehicles are authorized for purchase, state agency heads should provide the Commissioner of Administration with vehicle usage data to show that existing agency vehicles are fully utilized, that no Central Motor Pool cars are available to meet their needs, and that travel needs cannot be met through more economical alternatives.

Car Leasing:

13. When state agencies need to meet seasonal business travel requirements and no motor pool car is available, they should consider short-term car leasing agreements or temporary private car reimbursement and determine the most feasible economical alternative.
14. More efficient use of the state's car fleet should essentially eliminate the future need for long-term (one year or longer) private car leases by state agencies. These existing leases should not be renewed when they expire.

SAVINGS

Car Sale:

The sale of 200 cars from the state fleet will yield an estimated one-time savings of \$140,000. The Task Force assumes that those 200 cars will be the oldest cars in the fleet. This savings estimate is based on the actual sale price of the oldest state-owned vehicles sold in Fiscal Year 1977.

Purchase Price Savings:

Currently the state has a 2,603 car fleet. The Task Force recommends a fleet level of 2,400 cars. Based on our recommended car replacement schedule (65,000 miles or 3½ years) and our recommended fleet reduction to 2,400 cars, the state will not replace 60 vehicles per year that it currently purchases. Using the state's actual 1977 car purchase and resale costs, the Task Force estimates the annual purchase price savings of \$250.

Elimination of Car Leases:

The Task Force estimates, using actual Fiscal Year 1977 operating costs of these leases to the state, that \$18,000 can be saved annually by the elimination of private car leases when the present leases expire.

III

OPERATING COSTS

As previously mentioned, one of the more complex aspects of this study was the determination of the total cost of the state's fleet, particularly the Central Motor Pool. Here, the expertise of the loaned certified public accountants was extremely valuable.

Before any reasonable evaluations of alternatives could be made, it was essential that the Task Force know the various cost-components of the present system. The two accountants on loan to the Task Force, Roy Rueb and Robert Klemenhausen, reviewed all the available passenger vehicle cost-accounting information from Central Motor Pool and Department of Transportation. They also conducted interviews with officials from these and other departments and cross-checked the data for accuracy. Their findings were summarized in a memorandum to the Task Force. The majority of the information contained in this section of the report represents their findings and reflects their recommendations to the Task Force.

The Task Force asked the CPA's to specifically investigate the operating costs of vehicles in the Central Motor Pool and Department of Transportation motor pool. Because it is beyond the scope of this report to determine the exact operating cost of each of the state's 2,603 passenger vehicles, the assumption had to be made that the operating costs of these two fleets are comparable to those for the rest of the fleet (except enforcement vehicles). The data presented in the "Findings" section tend to support this assumption. It should be noted that the Central Motor Pool operates on a revolving fund, where the agency-owned fleets, including the Department of Transportation, are funded by legislative appropriation.

FINDINGS

Cost-Accounting Systems--Central Motor Pool and Department of Transportation

The cost-accounting methods for the Department of Transportation and Central Motor Pool differ. The current system (since September 1, 1976) used by the Central Motor Pool is to subcode costs by car class and then to "sort" under a special procedure to determine the operating cost per mile. The total and net costs of the Central Motor Pool were obtained from Fiscal Services and summarized by the CPA's as shown on Table 3. The Central Motor Pool utilizes data in the Statewide Accounting System for their cost calculations, which are on a cash basis.

In contrast, the CPA's found that the Department of Transportation has a separate cost system. The total costs in the cost system are reconciled with Statewide Accounting System. This cost system was developed for all Department of Transportation equipment (approximately 10,500 units). Table 4 highlights some of the major differences Central Motor Pool and Department of Transportation cost-accounting methods and operating policies. The CPA's also summarize the cost data for the entire fleets of both Department of Transportation and Central Motor Pool. According to the CPA's the data shown on Table 5 is "more comparable and reliable than that for individual vehicle class (shown on tables 6 and 7)." In addition, this operating cost data is shown by vehicle class on tables 6 and 7. "The data on tables 6 and 7 are less reliable, and should be read considering the 'cautions' at the beginning of each table."

At the present time, the Central Motor Pool depends primarily on hand prepared records; it has little information from computerized reports to assist them in fleet management. However, the system has been recently

modified to provide some fiscal year-end information on vehicle by class. The CPA's found, however, that information regarding depreciation and vehicle mileage is still manually accumulated.

The CPA's memorandum to this Task Force recommended that an automated system for cost-accounting be instituted by the Central Motor Pool to provide the information in a timely manner. The CPA's further recommended that this cost-accounting system should include the items specified in Table 8.

The Department of Transportation cost-accounting system, on the other hand, is a highly automated one, although the CPA's did advise the Task Force that certain of their cost assignments are "arbitrary" and should be adjusted to more accurately represent actual operating costs. However, the CPA's noted that the Department of Transportation cost-accounting system is in the process of being revised. The Central Motor Pool could use the system being developed by the Department of Transportation with adjustments to meet their particular needs or develop an internal or external system of their own.

Another problem the Task Force identified was the cash flow in the Central Motor Pool. This was due, at least in part, to the failure of state agencies to report their mileage data to the Central Motor Pool in a timely manner. When these delays occur, the Central Motor Pool is not able to accurately "bill" the agency for actual costs incurred, but must do so on an "estimated" basis. This can result in temporary loss of income and retards Central Motor Pool's abilities to make sound fleet management decisions.

Cost-Accounting Systems--Other Agencies

There are, as previously mentioned, other agencies that also have fleets of "agency-owned" vehicles (i.e. Public Safety, Department of

Natural Resources). The Task Force believes that it may be unrealistic to "centralize" these operations at this time since there has been a considerable public investment in all aspects of their operations (storage, maintenance shops, etc.).

However, these state agencies should also make sound fleet management decisions regarding their "agency-owned" vehicles. The information presently gathered by them to make such decisions varies greatly. However, information needs for these fleets are similar to those for the Department of Transportation and the Central Motor Pool. Similar cost-accounting systems should be employed.

Central Motor Pool Rate Structure

From the date of its establishment in 1961 to July, 1975, the Central Motor Pool charged agencies on a cost per mile basis. However, in July, 1975, the Department of Administration changed the rate structure to include a flat monthly, weekly, or daily use charge plus a mileage charge. (See Table 9.) The flat rate charged to agencies was developed to generally cover fixed costs such as depreciation, overhead, storage, etc., while the mileage charge was designed to generally cover variable costs such as gas, oil, maintenance, etc.

Department of Administration officials informed the Task Force members that the reason for changing the rate structure to a monthly and mileage charge was that the state agencies were "hanging on to assigned vehicles, even though they were getting low mileage usage, and the Central Motor Pool could not operate efficiently." They then changed the rate structure to provide an economic incentive to the agencies to return or reassign these vehicles. It has not eliminated the problem. Even with this change in the rate structure, the Task Force found that (using the 1,050 miles per month criteria for determining underutilization)

there is a considerable number of underutilized vehicles assigned to the agencies. The monthly charge has not had the effect of insuring reassignment of underutilized vehicles to the priority users. There is still a list of 58 underutilized vehicles as determined by Central Motor Pool.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Central Motor Pool should biennially review its rate structure and adjust it so that charges to user agencies cover all costs of its operation (including vehicle replacement).
2. Central Motor Pool should obtain an automated cost-accounting system that would provide the data recommended in Table 8.
3. Central Motor Pool should collect financial information by car rather than by car class.
4. Accrual-basis, rather than cost-basis, financial statements should be utilized by Central Motor Pool because they are more meaningful and appropriate to their "revolving fund" operation.
5. Any Central Motor Pool rate changes should be prepared in advance of each biennial budget so that state agencies can adjust their transportation budget requests accordingly.
6. Other state agencies that have "agency-owned" passenger vehicles should develop or utilize existing automated cost-accounting systems in order to control the costs of their fleets. These systems should include the components in Table 8.
7. The Legislature should fund those programs of the Travel Coordination Center not directly connected with the daily operations of the Central Motor Pool (commuter vans, carpooling) through a separate legislative appropriation and not out of the Central Motor Pool Revolving Fund.

IV

PURCHASING SPECIFICATIONS

The State of Minnesota purchases its passenger vehicles through the Department of Administration's Procurement Division. Specifications are written for vehicle purchases by Procurement Division staff, in cooperation with personnel from the primary user agencies (i.e. Public Safety, Department of Transportation, and Central Motor Pool) and representatives from the automobile manufacturers. M.S.A. 116H.12, Subd. 5 requires that energy costs be considered in state purchasing. Toward that end, staff from the Energy Agency have also been involved. Specifications are formulated so that a variety of automobile manufacturers, through their dealers, bid on them by car class. The cars are purchased from the manufacturer (dealer) who has the lowest bid for each car class. "Minimum" specifications are developed for each car class, although individual agencies can request that other options be included in purchase specifications. For example, special specifications are written for enforcement, i.e. State Patrol vehicles. However, the Procurement Division can deny these requests if they believe them to be unwarranted. This section addresses some of the particular components of these "minimum" car purchase specifications, present methods, and recommended changes in car purchasing by the state.

FINDINGS

Downsizing

State agencies have, generally, moved slowly to adjust their car purchases toward smaller automobiles. The automobile manufacturers have "downsized" cars since 1973, and although the Central Motor Pool has begun to purchase smaller cars, the state fleet is still composed of 48.3 percent full-size cars (58.9 percent if station wagons are included.)

During the Task Force's interviews with agency heads, many suggested that smaller cars could readily meet many of their transportation needs that are presently met with full-size cars. In fact, one state employee related to the Task Force members the considerable trouble he had in persuading Procurement officials to purchase a sub-compact for agency use. It should be noted that the Department of Administration did not even have standard specifications for the purchase of sub-compacts in 1977. Further, there are only nine sub-compacts in the entire 2,603 state car fleet today. A complete car class breakdown of the present state fleet is shown on Table 9. This car class data is also shown by agency on Table 10.

In order to have a more energy efficient, less costly state car fleet, the Task Force has developed a suggested car class composition for the state fleet in the future. This suggested car class composition is based on the experiences of other states and the suggestions of agency heads. (See Table 10.) The Task Force believes, however, that this should be a state fleet average and should not be applied strictly to each department. (See footnote on Table 10.) Fleet "downsizing" through changes in car class composition should result in significant dollar and energy savings. These benefits are also referred to later in the "Energy Conservation" savings summary section of this report.

Car Size

Although automobile manufacturers have in recent years reduced in size and increased the energy efficiency of almost all car models, the state's minimum car purchasing specifications have remained essentially the same since 1975 model purchases.*

* The only change was an increase in engine size to 400 cubic-inch-displacement for station wagons.

Car size specifications, like other purchasing criteria, are written as the "minimum" required for each car class (compact, intermediate, full-size, and station wagon). The principal factor for determining car class is the wheelbase (inches). A comparison of the minimum wheelbase specifications (by car class) for 1977 and 1978 models is provided in Table 12.

The reduction in length of wheelbase for some 1978 model purchases, together with the "downsizing" of the state's fleet through a change in the car class composition, will result in the future purchase of smaller, more energy efficient cars. (See tables 10 and 12.)

The reduction of car size specifications will also facilitate the assignment of appropriately sized vehicles to specific tasks. Presently, an employee traveling alone may be assigned an intermediate or full-size automobile, when a compact or sub-compact would do as well. As mentioned previously, there is support among agency heads for a change in some car-size purchases.

Engine Size

The engine sizes specified for each car class are also very important in determining whether energy efficient passenger vehicles are purchased. In previous years, the minimum engine size specified for both intermediate and full-size sedans was a V-8 engine, according to Department of Administration officials. Further, Department of Administration purchasing officials informed the Task Force members that they believed that even the intermediate would be "underpowered" if it did not have a V-8 engine.

However, due to the reductions in car sizes by the automobile manufacturers in recent years, the reduction in highway speed limits, and the fact that state cars are infrequently used at "fully-loaded" capacity, the Task Force believes that such large engine sizes are no longer required as a "minimum specification."

Therefore, the Department of Administration's Procurement Division in cooperation with the Task Force members, have recommended a significant reduction in the minimum engine size specifications. Changes are shown on Table 12. This reduction in minimum engine size specifications enables the EPA mileage standards to be increased for all car classes (except large station wagons). This increase in minimum EPA (combined) mileage standards is shown on Table 13.

Mileage Specifications

On May 12, 1977, the Commissioner of Administration issued a directive to all state agency heads requiring that all purchases of new cars, other than for replacement, be justified by the agencies and approved by him; it further required that they have a minimum EPA (combined) mileage rating of not less than 18 miles per gallon.

However, the Department of Administration proposed 1978 model specifications will require even greater energy efficiency standards. These specifications, shown on Table 12, have been calculated by car class, using 18 miles per gallon as a minimum standard for sedans. (It should be noted that for the purchase of large wagons, to meet the special needs of some agencies, it was impossible to achieve a better mileage rating than 15 miles per gallon and still have a competitive bidding situation for the 1978 models.) It was anticipated by the Department of Administration that when the entire fleet was "replaced" with cars that met this 18 miles per gallon minimum standard, that a ten percent energy savings would be

realized. However, with the new minimum EPA mileage standards that will be applied for 1978 model purchases, it is anticipated that the energy (gasoline) savings will amount to 19 percent.

The "downsizing" of the state's fleet that will be accomplished through changes in car size and engine size specifications, will result in the purchase of smaller, lighter state cars. According to a car study conducted by the Runzheimer and Company, Inc.,* "Gasoline mileage is reduced by one or two percent for every one hundred pounds of added weight." Also, a 1976 U. S. Department of Transportation study showed that gasoline consumption in compacts over a 100,000 mile length of operation, is 28 percent less than for standard (full) size cars. This increased energy efficiency is illustrated by the significantly higher EPA mileage ratings that can be achieved in each car class. (See Table 13.)

Car "Options"

As previously stated, the Department of Administration's Procurement Division acts as an "agency" in purchasing cars for the State of Minnesota. Agencies specify the types and number of cars they want and the options they desire. However, the Department of Administration can deny agency-requested options if they feel the request is unjustified.

Although we will not go into all the various options and equipment that presently are, or could be, purchased, we will point out some of the problems experienced to date and suggest some car options that should be added.

It should be noted that, with few exceptions, the cars purchased by the state are what automobile dealers would describe as "bottom of the line." That is, state cars generally have little optional equipment.

* Runzheimer and Company, Inc. is a management consulting firm based in Rochester, Wisconsin. Among other things, this firm conducts car fleet cost and policy studies.

Options that are presently not included in state car purchasing specifications that the Task Force believes should be considered are described below:

One option is cruise control. When the 55 mile per hour highway speed limit was imposed, the State of Iowa equipped all state cars (and some light-duty trucks) with cruise control. The State of Nevada originally allowed these devices as an option, but their use has proven to be so successful that the state will mandate their installation in all of Nevada's state automobiles. According to Nevada officials: "They're proven gas savers. They have been found to save two to three miles per gallon on our vehicles with an estimated initial cost of \$50 per device." Department of Administration officials believe cruise control could be unsafe if installed in all state cars, especially in those cars used primarily in the metro area, and by drivers unfamiliar with its use. The Task Force concurs with this assessment. However, it is our recommendation that cars that consistently log high "over-the-road" mileage (certain inspectors, auditors, etc.) should be so equipped. Department of Administration officials estimate that the cost of cruise control devices for 1978 model cars would be approximately \$90.

Rear window defoggers or defrosters are recommended by the Task Force primarily as a safety feature, which is particularly desirable for cars in the snowbelt states. The estimated additional cost is \$25 per car.

Radial tires are standard equipment on full-size and intermediate automobiles. We recommend their purchase for compacts and sub-compacts. Radials have a higher life expectancy, their use generally eliminates

the labor costs involved in changing to snowtires during the winter driving months, and in addition, according to a Runzheimer Corporation car study, "Radial tires generally produce better gas mileage than normal bias ply tires." The estimated additional cost is \$65 per car, at the time of purchase. This cost is more than offset by reduced labor costs and other savings. (See "Savings" section.)

Although these "options" recommended by the Task Force would increase the initial purchase price of some of the state passenger vehicles, the Task Force believes this incremental increase can be justified on the basis of increased resale value, employee safety, and greater economy over the life of the state vehicle.

Another unique specification for state purchase of State Patrol and Central Motor Pool vehicles has been car color: the requirement of a specific shade of maroon that is not always manufacturers' standard color.

The history of the maroon color for state vehicles dates back to 1961, the year when the Central Motor Pool was created, when the enabling legislation directed the Commissioner of Administration to provide for uniform marking and color of all Central Motor Pool vehicles. The commissioner decided on the maroon color because the Highway Patrol already had maroon cars and it was believed that they would be more noticable, and because it was assumed that it might possibly assist in controlling speeding by the general public. However, because of the current national popularity of the color, these assumptions are probably no longer valid. Maroon is presently the most preferred color among owners of intermediate-sized cars, and is third to fifth in color-preference ranking for all other car models.

The maroon color has other drawbacks. It has also been reported that maintenance on these maroon-colored vehicles is more expensive because it is difficult to match this special color and harder to keep clean. In addition, according to the Department of Administration's figures, the maroon vehicles yielded approximately \$200 less at the time of sale than a comparable car in a standard color.

In 1977, the Legislature amended M.S.A. 16.75, Subd. 7, to allow the state (with the exception of the State Patrol) to purchase cars in a variety of colors, as long as they were standard manufacturer colors. The Procurement Division of the Department of Administration estimates that the state would have paid approximately \$90 extra per car to have the maroon as specified. The state purchases approximately 450 cars each year (about 300 in maroon). At this rate the state would have paid approximately \$27,000 extra for the maroon-colored passenger vehicles had the legislation not been passed. While this recent legislative change makes good economic sense, it does raise the problem of identification. We believe that obvious identification of a car as a state vehicle is certainly a deterrent to the possible misuse of a vehicle for personal purposes. Uniform maroon color traditionally has been one of the quickest ways for the public to identify a State of Minnesota vehicle. Stricter marking requirements, described in detail in the "Car Use Policies" section of this report, will alleviate this problem.

Total-Cost Purchasing

In the past, cars have been purchased from the lowest bidder based on specifications which made no provision for any desired performance standards. However, as of May, 1977, Department of Administration policy required the application of mileage criteria (EPA minimum mileage standards)

to car purchases. The Task Force believes this was a good start and it addresses, at least in part, a concept that the Task Force believes the Department of Administration should pursue in its car purchases. This concept is called "total-cost purchasing" or "life-cycle cost purchasing." Simply put, "total-cost purchasing" involves buying a car that is calculated to be the most economical over its expected life rather than buying the car simply because it has the cheapest purchase price. The car with the cheapest purchase price is not necessarily the cheapest car to operate if maintenance, gas, depreciation, and other costs are high.

This total-cost purchasing concept has been endorsed by the National Association of State Purchasing Officials (NASPO). It has been used on a very limited basis in vehicle purchases by the State of South Carolina. The Minnesota Department of Transportation presently utilizes a "total-cost purchasing" formula in certain types of heavy equipment purchases. Task Force members interviewed a senior economist from the state's Energy Agency who stated that "life-cycle (total) cost purchasing could be applied to state car purchases. . .the concept is 'very feasible.'" Minnesota Department of Transportation officials suggested that the concept should be tested with the purchase of 100 vehicles to see if a total-cost purchasing formula yields better vehicles and/or actually changes the purchasing.

This concept has been recently applied in the State of Wisconsin's vehicle purchases. They bought 100 cars through a life-cycle cost formula. It did change the car purchase from the low bidder (if purchase price alone would have been used). Also, GELCO Corporation, the largest private car fleet manager in the world (over 100,000 cars), applies this concept to their car purchases.

At the suggestion of the Task Force, Department of Administration officials have agreed to purchase 1978 model cars using a modified version of a life-cycle cost formula. This modification amounts to purchasing only vehicles that get a minimum EPA rating for each car class, and adjusting the bid price to reflect calculable gasoline costs over the anticipated 65,000-mile life of a state car.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Commissioner of Administration should write specifications for the purchase of 1978 model passenger vehicles that include the criteria identified in tables 12 and 13.
2. Based on the recommended minimum EPA mileage specifications in Table 13 it is estimated that energy efficiency can be increased by approximately 19 percent.
3. The Commissioner of Administration should continue to annually review car purchasing specifications to facilitate the downsizing of the state fleet.
4. The Department of Administration Procurement Division should increase their efforts to provide agencies with vehicles most appropriate for their individual usage needs.
5. In order to promote the purchase and use of energy efficient passenger vehicles, the Director of the State Energy Agency should approve the purchasing specifications developed by the "user committee."
6. The Department of Administration should include the car options specified in the "Findings" section for the purchase of 1978 model state cars.

7. Consumer's color preference, safety, maintenance, and repair costs should be considered in the selection of the car colors for state non-enforcement passenger vehicles.
8. The departments of Administration and Transportation and the Energy Agency should cooperate to examine the feasibility of developing a life-cycle cost formula for the purchase of state passenger vehicles.

SAVINGS

Downsizing:

Direct Running Costs--By the implementation of the state fleet and the fleet reduction recommendations the Task Force estimates that \$737,000 can be saved annually through reduced running costs. The running costs include such things as gas, oil, maintenance repairs, etc. The estimated savings is based on the state's actual Fiscal Year 1977 running costs.

Purchase Price Savings--These savings are realized by replacing the larger cars in the state's fleet with smaller, less expensive cars. Savings were calculated using the 1977 purchase prices for each car class, the 1977 resale prices for each car class, and the differences in rates of depreciation for each car class over the life of the car. The annual savings estimated by the Task Force as a result of purchasing smaller cars amounts to \$175,000.

Car Options:

Cruise Control--The Task Force, using information obtained from Nevada and Iowa state agencies, found that the installation of a cruise control mechanism on state-owned vehicles can increase the energy efficiency of each vehicle. During Fiscal Year 1977, state-owned vehicles traveled 48.7 million miles. Since cruise control cannot be used in heavy traffic and in general city driving, it will reduce gasoline consumption for approximately 70 percent of the state's passenger vehicle mileage.

Radial tires--The state can save money by purchasing radial tires for its vehicles. According to Department of Administration sources, beginning with model year 1978, radial tires will be standard equipment on all vehicles except for compacts and sub-compacts. There is an additional cost of approximately \$65 on sub-compact and compact purchases.

Car Color--A 1977 legislative change now allows the state to purchase cars in a variety of colors. The past requirement of a specific shade of maroon cost \$90 extra per car.

The savings realized through the purchase of the above options is \$351,000 annually.

CAR SALE

As stated in the "Fleet Reduction" section of this report, fleet management cost control begins with purchase control. The frequency and number of new car purchases by the state reflects the policies regarding the sale or disposal of vehicles.

This section addresses the fleet management sale policies, describes the sale of state vehicles, and examines the economic impact of these policies on fleet management costs.

FINDINGSCar "Reconditioning"

The Task Force found that there is no uniform state policy for the disposal (sale) of state vehicles. For example, Table 14 shows how the Department of Transportation and Central Motor Pool policies differ. The Central Motor Pool reviews cars for sale at approximately 60,000 miles or 40 months. The Department of Transportation, on the other hand, generally reassigns the cars to low-mileage uses after 40,000 to 80,000 miles.

Other agencies also operate their cars to a variety of mileages. Average car mileages at time of sale during Fiscal Year 1976 for six different state agencies are shown on Table 14.

During the course of this study the Task Force examined in considerable detail, a proposal by the Corrections Department to "recondition" Central Motor Pool cars to operate for approximately an additional 40,000 miles or two years. These reconditioned Central Motor Pool cars would then be sold at approximately 100,000 miles or five years of age. The reconditioning work would be done by inmates at either the Stillwater or Lino Lakes institutions. The Department of Corrections expects to have a school bus reconditioning program operational at Stillwater Prison in

February, 1978. The Department of Corrections told Task Force members that they would be anxious to undertake such a car reconditioning program if it could be shown to be economical.

The Task Force evaluated all available cost data supplied by the departments of Corrections, Administration, and other agencies in an attempt to evaluate this proposal. Based primarily on car operating cost data, the Task Force believes that it would not be economical to "recondition" cars in the State Prison at this time. The Task Force came to this conclusion primarily because:

1. According to Department of Transportation officials their cars essentially are reconditioned within their agency at the present time. Department of Transportation's fleet is considerably older than Central Motor Pool's, yet the Department of Transportation's operating cost per mile is 12.6 cents as compared to Central Motor Pool's 11.1 cents.
2. Because the Central Motor Pool cost per mile is less than any other "agency-owned" vehicles found by the Task Force, we believe that state employees could have newer, less expensive, and more reliable cars for their use if the state cars are not regularly operated to 100,000 miles.
3. The Task Force believes that older cars mean more breakdowns and subsequent downtime in the shop for repairs. If state vehicles are less reliable, there will be an even greater preference by the employees to drive their private cars. This could certainly be expected to cause an increase in private car reimbursement.

4. Finally, car replacement approximately every five years rather than the Central Motor Pool's present 40-month replacement policy, will further delay the potential monetary and energy savings that could be realized through the purchase of smaller cars. Also, state employees should have safe, comfortable transportation at the most economical cost.

The Corrections proposal may be appropriate for body work, however. The state spent at least \$100,000 in Fiscal Year 1977 to have body work done on their cars by private automobile body shops. Of this total, approximately \$62,000 was spent in Fiscal Year 1977 to do body work on Central Motor Pool vehicles alone. The remainder was done on agency-owned and enforcement vehicles. The Task Force believes that it could be economically feasible to have this body work done at Department of Corrections facilities, in conjunction with the school-bus reconditioning program. However, this proposal needs further investigation, which is beyond the scope of this study. For obvious reasons, the Task Force does not suggest that body work on state law enforcement cars be done by inmates at the Corrections facilities.

Car Auctions

When cars need to be replaced, they are "called-in" from the unit (agency) to which they were assigned. These cars are then inspected, cleaned, and delivered to the Department of Corrections facility at Lino Lakes for sale. The vehicles are then sold to the highest bidder at public auction.

In discussions with various private car fleet managers, the Task Force was informed that the best times to sell cars are in April and immediately after the new model (car) year announcements in October.

The Task Force also examined passenger vehicle sales data from the five state auctions conducted during Fiscal Year 1977. Auctions were held in July, 1976, September, 1976, November, 1976, February, 1977, and April, 1977. A total of 330 cars were sold at these auctions.

The Task Force then compared prices received for comparable cars (i.e. same make, model, mileage, equipment) at each of these sales. This sales data showed that better prices were received at auctions held in the spring and fall of the year, which is consistent with that for sales in the private sector.

Specifically, state car auction sales data showed that approximately \$56 more was paid per car for cars sold in spring and fall than at other times of the year. The Task Force also found that if fewer cars are sold at each individual auction, the price per car would probably increase.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. For economic reasons, the Task Force does not believe the state should generally pursue a policy of reconditioning state automobiles to operate them to 100,000 miles or more.
2. The departments of Administration and Corrections should determine the economic feasibility of doing body work on state automobiles (except enforcement) and determine by no later than June 30, 1978, whether this proposal should be implemented.
3. If the proposal for having car body work done by inmates at the Corrections facilities is shown to be economically feasible, the Task Force recommends that the Commissioner of Administration in cooperation with the Commissioner of Corrections should arrange to have such work done, not only on Central Motor Pool vehicles, but some agency-owned vehicles as well.

4. As many state cars as possible, scheduled for replacement during a given year, should be sold at public auctions in the months of April, May, September, and October.
5. Since smaller auctions increase the price paid for used vehicles, the Task Force recommends that the present number of auctions be increased and that they be held during the months of April, May, September, and October.

SAVINGS

Car Auctions:

By changing the present state auction schedule and selling cars at public auctions during the spring and fall of each year, the Task Force estimates, based on actual state sales data, the state could increase its sale prices by approximately \$56 per car. This amounts to an estimated annual savings of \$9,000.

VI

CAR MAINTENANCE

During the course of this investigation, Task Force members interviewed numerous agency heads and commissioners. One recurrent theme or problem identified by the agency heads was the apparent lack of adequate maintenance on Central Motor Pool passenger vehicles. Various reasons were given for this by the agency heads and by Department of Administration officials in explaining the problems that they have had trying to provide adequate maintenance on Central Motor Pool vehicles.

It was difficult for the Task Force members to determine the exact cause and the magnitude of the problem. Department of Administration officials claim that the cause of the car maintenance problem is not their inability to provide good service, but the failure of the users to report a problem when they know a car is in need of repair. Consequently, the next person to drive the vehicle has a "breakdown" on the road, causing additional expense and delay.

The Task Force has reviewed the maintenance procedures followed by Central Motor Pool. Based on this review and further discussions with other agency heads the Task Force agrees with both parties. While the Central Motor Pool should do a better job of monitoring maintenance needs, the users should also be more aware of their responsibilities to report to the Central Motor Pool, in a timely manner, vehicles that are in need of repair.

Inadequate car maintenance not only increases operating costs, but encourages use of private automobile travel as well. In fact, the Task Force believes that one of the primary reasons employees are said to prefer to drive their own cars is due to the unreliability of the Central Motor Pool or other state vehicles.

Some agency heads also told of considerable "downtime" on Central Motor Pool cars in the repair shop. It appears to the Task Force members that one way to decrease this downtime is to have an economic incentive to repair vehicles in an expeditious manner. At the present time, this economic incentive does not exist.

The Task Force also believes that the Central Motor Pool should streamline their car repair procedures so that when car breakdowns occur in out-state Minnesota necessary repairs can be more easily made within the vicinity. The Task Force believes some of these repairs could better be handled by private automobile shops in the immediate vicinity of the breakdown. Overpayment or payment for unnecessary work can presently be substantially avoided through the Central Motor Pool's "pre-audit" function. That is, repairs can be made by private shops only if the state employee has had the repair shop call the Central Motor Pool for authorization of such repairs. The Central Motor Pool presently keeps a maintenance record on each vehicle. Streamlined procedures for "vicinity" repairs would decrease the amount of vehicle downtime and eliminate the expense of bringing the vehicle to St. Paul for repair.

The Task Force also believes that the Central Motor Pool, through the Travel Coordination Center, should try to make better arrangements for "loaner" vehicles to be assigned to agency employees while the regularly assigned vehicle is in for repair..

If a reduction in private car mileage is to be realized (See also "Car Reimbursement" section), the Task Force believes two primary conditions must be met: First, Central Motor Pool and other agency-owned vehicles must be more frequently available to state employees for their use, and secondly, that these vehicles must be better maintained so that they provide more reliable transportation for the employees.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Central Motor Pool should increase its preventive and routine maintenance checks on its vehicles.
2. The Central Motor Pool should increase its efforts to educate agencies as of the need to notify Central Motor Pool, in a timely manner, when a car assigned to the agencies is in need of repair.
3. In order to provide a financial incentive for the Central Motor Pool to expedite the necessary maintenance and repairs, the Central Motor Pool should not charge agencies their flat monthly or weekly rate when a vehicle is in for repair, if replacement transportation is not provided.
4. The Central Motor Pool should streamline its procedures for authorization of car repair and maintenance by private shops. This is particularly important for outstate repair work.
5. When vehicles are being repaired, the Travel Coordination Center should make better arrangements for the continuance of transportation services to state agencies through better use of loaned Central Motor Pool vehicles.

VII

ENERGY CONSERVATION

. . . Energy use should be considered in all areas of government purchases -- automobiles, tires. . . ,

. . . A 10 percent reduction in the energy used by state vehicles.

Gasoline will be saved through more efficient vehicles, driver training and eliminating unnecessary travel.

- Governor Rudy Perpich
Energy Message to the 70th Session
of the Minnesota State Legislature
February 18, 1977

One of the more important aspects of this study was to examine the areas where the state could save not only money, but energy as well.

There are a number of areas where the Task Force found that savings could be realized with no reduction in the mileage driven by state employees. Some of these changes have been addressed previously in this report; however, a summary of these specific energy conservation savings are presented here.

FINDINGS

Fleet Downsizing

Until very recently there was little emphasis on the relative energy savings that could be realized by the purchase of more energy efficient equipment. However, the 1977 Legislature took action to ensure that energy conservation was considered in state (and local) purchasing. Specifically, M.S.A. 1976, Section 116H.12, Subd. 5 was amended to mandate the director of the Energy Agency to

. . . conduct studies and make recommendations concerning the purchase and use by the state and its political subdivisions of supplies, motor vehicles and equipment having a significant impact on energy use in order to determine the potential for energy conservation.

This statute also provides for the establishment of minimum energy efficiency standards for certain state purchases.

The "downsizing" of all state vehicles as recommended by the Task Force and developed in cooperation with Procurement Division of the Department of Administration includes three primary areas: reduction in car size, reduction in engine size specifications, and increase in the minimum EPA mileage standards.

Automobile Equipment Purchases

Another aspect of the state's transportation program that could be changed to yield greater energy conservation benefits and monetary savings is in the purchase of automobile equipment.

The Task Force found that other states (i.e. Iowa, Nevada) have equipped new cars, and some light-duty trucks, with cruise control devices. Iowa officials established this policy when the 55 mile per hour speed limit went into effect. Nevada purchasing officials reported a two-to-three mile per gallon increase on cars which could be attributed to use of this cruise control feature. About 20 percent of the cars manufactured in 1975 were equipped with cruise control. The estimated initial cost of this feature is \$90. However, this option would save gasoline and should also bring additional resale value.

Drivers' Training

Another factor that could yield significant energy savings, even at the present mileage figures and with the present state car fleet, is driver education programs directed at energy savings and safety. Such programs have been used effectively by other governmental units and private industry (North Dakota, Montana, City of St. Paul, Minneapolis School System, Minnegasco, and 3M).

Although such a program has not yet been implemented in Minnesota, staff from the departments of Public Safety and Education and the Energy Agency agreed with Task Force members that it could be very successful. Also, agency staff contacted by the Task Force concur that such programs could realize significant energy savings as well as save lives. Commenting on this type of program, Edward Novak, Commissioner of Public Safety, in a July 20, 1977 letter to Mr. Dan Besaw, Regional Representative, Motor Vehicle Manufacturer's Association, stated: "We have reviewed the Featherfoot materials. . .It's a rare occasion when a single program offers such large benefits in two important areas of human endeavor (energy savings and driver safety)."

The state departments of Public Safety, Education, and the Energy Agency are presently examining "Featherfoot" and other similar programs. Staff from these agencies have indicated that such a program best suited to meet the state's needs could be chosen by December, 1977, and implemented within a year if funds are available for such purposes.

The estimated start-up cost of establishing such a driver's education program is \$10,730. However, the materials to be purchased could be used not only for state employees, but could be made available for public school driver education programs as well.

RECOMMENDATIONS

1. The Task Force recommends that the Governor direct the state agencies to take the following actions:

1. The departments of Public Safety, Education, and Energy should cooperate to develop a driver safety-energy conservation program for state employees. Particular emphasis should be given to training enforcement, inspection, and other state personnel whose jobs require a great amount of state automobile travel.

2. The Commissioner of Public Safety should monitor the effectiveness of this driver education program and provide "refresher" courses, where necessary, for state employees.

SAVINGS

Cruise Control:

Savings from the installation of cruise control is included in the "Savings" section of "Purchasing Specifications."

Driver's Education:

In calculating the energy savings realized through the implementation of "Featherfoot" or some other similar driver's education program, the Task Force assumes that the program will be directed at high mileage users. The initial cost of implementing the driver's education program will be \$10,730, part of which may be offset by federal funds. The driver's education program is assumed to be 50 percent effective, i.e. the same rate of effectiveness experienced by other government units and private industry. The estimated annual savings from implementing a driver's education program would be \$147,000.

VIII

CAR REIMBURSEMENT

This section primarily addresses two types of vehicle reimbursement. The first is the reimbursement the state pays its employees for the use of their private automobiles for state business travel. The second is the money the employees "pay back" to the state for the personal use of a state vehicle.

This section of the report also describes the rising cost of private car reimbursements, gives some examples of the problems that presently exist, and analyzes the existing state policies for car reimbursement.

FINDINGS

Private Car Reimbursement

The state compensates employees for use of their personal cars for state business travel. There are two reimbursement rates: 16 cents per mile if the metro area employees use their own cars when no Central Motor Pool car is available, and 11 cents per mile if employees elect to use their own cars even if a motor pool car is available. It also allows reimbursement at an average of 50 miles per day without a control number. Travel regulations are developed by the Personnel Department; however, the actual rate for employee private car reimbursement is set through the state employees' contract negotiations. Private car reimbursement for Fiscal Year 1977 amounted to \$2,216,137.

A comparison of Central Motor Pool travel charges (state cars) and private automobile reimbursement, by agency, for Fiscal Year 1976 and Fiscal Year 1977 is shown on Table 15. A comparison of these Fiscal Year 1977 costs with the number of full-time employees for each agency is shown on Table 16.

Based on random employee expense report checks, Department of Administration officials estimate that a minimum of 70 percent of the total amount paid for private car reimbursement in Fiscal Year 1977 was paid at the 16 cents per mile rate, while approximately 30 percent paid at 11 cents per mile. This means that employees drove approximately 15,739,610 miles on state business in their private cars during Fiscal Year 1977, while only 14,806,386 miles were driven on all 874 Central Motor Pool cars.

As previously stated, the Task Force found that there have been many vehicles assigned to state agencies that receive only low mileage use. Interestingly, the Task Force found that some agencies had many "underutilized" state cars assigned to them, while during that same period they also had heavily reimbursed staff for the use of their private cars at 16 cents per mile. Some examples, taken from records in the Department of Administration, include:

1. The Task Force found that 58 Central Motor Pool cars were identified by Central Motor Pool as "underutilized" for the first quarter of Fiscal Year 1978. During Fiscal Year 1977, the state paid 142 of its employees between \$2,100 and \$6,200 to drive between 13,000 to 38,000 miles in their private cars.
2. The Task Force also found, from data gathered by Central Motor Pool staff, that three state employees were each paid an average of \$4,457 each to drive an average of 28,024 miles in their private cars during Fiscal Year 1977.
3. Another state agency had eight cars on monthly assignment from the Central Motor Pool that were averaging less than 1,000 miles per month; yet the same agency paid nine of its employees a total

of \$25,932 to drive over 156,800 miles in their own cars during Fiscal Year 1977.*

4. Another state agency paid one of its employees \$3,137.22 to drive approximately 19,607 miles in his own car; the same agency had a Central Motor Pool vehicle that was driven only 7,592 miles over the same fiscal year.
5. One state agency paid three of its employees \$951.84 to drive about 5,949 miles from July to September, 1977. The same agency had a Central Motor Pool-assigned car that was used a total of 16 times and driven a total of 2,029 miles over the same three-month period.

It is extremely difficult, if not impossible, for the state to "audit" the accuracy of private car mileage payments to its employees. This is partially due to the fact that after employees drive to certain work locations they are also allowed to charge "vicinity" miles. (This is mileage driven while on the job in a given location/city.) There is no way for the state to verify this claim of "vicinity" miles.

Finally, the need for employees to conduct their work in marked state vehicles has been previously emphasized. This need is defeated by the continued extensive use of private cars for state employee travel (approximately 25 percent of all employee travel). Conspicuously marked state vehicles for employee use will have little impact if employees continue to drive their own cars as frequently as they have in the past. (Occasionally, confidential employee travel is requested by the Attorney General. In these cases, agencies should contact the Central Motor Pool for authorization for employee travel at 16 cents per mile.)

* 12,600 miles (approximately \$2,100) is the present "breakeven" point for the assignment of a Central Motor Pool car. That is, if more than 12,600 private car miles are driven annually by an employee, it becomes more costly to the state than if a Central Motor Pool car were individually assigned to the employee.

Overpayment for State Employee Travel

State travel regulations require that a "control number" be assigned to state employees located in the metro area who drive more than 50 miles a day before an employee can charge 16 cents per mile for private automobile travel reimbursement. (Outstate employees are not assigned control numbers.) This control number is assigned only after the employee has requested a Central Motor Pool vehicle and has been informed that no motor pool car is available for his or her use.

The Task Force found cases where state agencies paid its metro area employees 16 cents per mile to drive their own cars even though no "control number" was assigned. The Central Motor Pool began investigating this aspect of employee travel in Spring, 1977, and have begun reducing the number of annual control numbers where they have been inappropriately assigned. Department of Administration officials estimate that the state overpaid its employees for private car reimbursement in approximately ten percent of the cases during Fiscal Year 1977.

Employee Payments for Personal Use of State Cars

In 1975, the Legislature required in M.S.A. 16.753, Subd. 1 that state employees who commute in state vehicles must reimburse the state for the "full cost" of this travel. Later the law was amended to specifically exempt the State Highway Patrol, the Commissioner and Deputy Commissioner of the Department of Public Safety and the staff of the Bureau of Criminal Apprehension.

Based on discussions with a variety of officials, the Task Force found that the apparent reason for this legislative policy was to make state employees pay the "full cost" for commuting to work in state cars. It apparently was intended to be applied to employees on "24-hour call" jobs, and to restrict employees from using a state vehicle for personal purposes.

An analysis of those employees presently reimbursing the state for personal use of state cars indicates that some vehicles are not being used primarily for business purposes, and that the reimbursement does not always cover the operating costs. The Task Force found instances where over 80 percent of the mileage on state vehicles was for personal use, and only 20 percent for state business use. In these cases, the state appears to be providing the employees with vehicles primarily for their personal use.

The rates paid by employees for personal use were designed to meet all the operating costs of these vehicles. The present policy is based on the reimbursement rate required to cover Central Motor Pool costs. Employee reimbursement rates vary from 11 to 16 cents per mile. An analysis of these reimbursement rates with the actual operating costs of Central Motor Pool's vehicles indicates that the employee reimbursement rate is adequate to cover Central Motor Pool operating costs. However, it does not necessarily cover all operating costs of "agency-owned" vehicles.

Even if this rate structure is adjusted to cover all operating costs to the state, a glaring inequity remains: It costs employees ten to twelve cents less per mile to drive state cars, rather than their own cars, to work. Table 17 compares the present charges for employees' personal use of state cars with the per mile operating costs of a private automobile. It shows that the state is presently "subsidizing" commuting employees, since it would be considerably more expensive for them to drive their own cars to work.

While individual employees may benefit from this policy, their agencies are often forced to absorb all of the costs. The reimbursement rate for the personal use of state cars returns to the funding source. Agencies with Central Motor Pool-assigned vehicles pay the Central Motor Pool for all mileage (personal and private), but the personal mileage payments are not necessarily reappropriated by the Legislature and returned to the

individual departments. Similarly, with agency-owned vehicles, the depreciation and, therefore, the need to purchase replacement vehicles is accelerated due to personal usage, yet this money is not necessarily returned by the Legislature to cover these agency costs. Although this employee pay-back "balances" on a statewide basis, individual agencies' transportation budget do not necessarily "balance."

Moreover, Task Force members believe that there is no apparent inconsistency with this policy and other state policies designed to encourage employee use of mass transit and carpooling for commuting.

RECOMMENDATIONS

Private Car Reimbursement

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. By Fiscal Year 1979, the Department of Administration should, through vehicle acquisition and reassignment, reduce private car reimbursement (at 16 cents per mile rate) by 15 percent from Fiscal Year 1977 levels.
2. The Commissioner of Administration should monitor quarterly the relationship between Central Motor Pool car utilization and employee reimbursement and direct the other state agency heads to reassign vehicles to reduce private car reimbursement to state employees.
3. Agency heads should review the private car reimbursement paid to their employees and, where feasible, make either Central Motor Pool-leased or agency-owned vehicles available to employees receiving over \$2,016 reimbursement per year. This amount should also be periodically reviewed to be consistent with state car operating costs or the Central Motor Pool rate structure.

4. The Commissioner of Personnel should cooperate with the Commissioner of Administration in the preparation of a uniform car use policy and regulations concerning private car mileage rates.
5. State agency heads should review, on at least a quarterly basis, the use of their "agency-owned" vehicles and should reassign these in order to reduce private car mileage reimbursement (at the maximum rate) or to dispose of these "underutilized" vehicles at public auction.

Overpayment for State Employee Travel:

6. The Department of Administration should eliminate the assignment of "annual control numbers" to high mileage users, which allow employees to be reimbursed by the state at the maximum rate (except employees with special health requirements).
7. The Department of Administration should consider the assignment of annual control numbers to employees for private car mileage where such assignment would be more economical than use of a state passenger vehicle.
8. No other state employee located in the metro area should be assigned a "control number" to charge the maximum private car reimbursement rate if any Central Motor Pool or "agency-owned" vehicle is available for the employee's use. Exceptions should be made for certain medical reasons (i.e. handicapped employees with specially-equipped vehicles).
9. The Department of Administration should periodically reevaluate the policy of allowing an average of 50 private car miles (at 16 cents per mile) per day and should reduce the maximum allowable mileage restriction as well.
10. The commissioners of Finance and Administration should jointly advise all state agency heads and controllers to check employee expense reports thoroughly to avoid overpayment for state employee travel.

Employee Payments for Personal Use of State Cars:

11. The Department of Administration should review, on a quarterly basis, the assignment of employees allowed to reimburse for the personal use of state cars.
12. The Commissioner of Administration in cooperation with the Commissioner of Finance should prepare a uniform state policy for the reimbursement rate charged to state employees for the personal use of state cars as provided in M.S.A. 16.753.
13. The Department of Administration should establish uniform rates for employee reimbursement for personal use of state cars. This rate should cover all costs and should be based on the class (size) of car driven by the employee.
14. The Department of Administration's Travel Coordination Center should establish procedures for the checking of the availability of motor pool cars, including those assigned on a monthly basis to agencies, before authorizing employee private car mileage reimbursement at the maximum rate.
15. The Legislature should review reimbursement policies for the employees' personal use of state automobiles.

SAVINGS

Elimination of Private Car Reimbursement Overpayment:

According to information supplied by the Department of Administration, ten percent of the private car reimbursement payments at the 16 cents per mile rate should be made at the 11 cents per mile rate. The Department of Administration estimates that of the \$2,216,137 paid in private car reimbursement in Fiscal Year 1977, 70 percent was made at the 16 cents per mile. The elimination of this five cents per mile overpayment would result in an estimated annual savings of \$48,000.

15 Percent Reduction of Private Car Reimbursement:

The Department of Administration estimates that a 15 percent reduction in private car reimbursement at the 16 cents per mile rate can be accomplished through better utilization of state vehicles, i.e. vehicle assignments and reassignments. This 15 percent reduction in private car reimbursement at the 16 cents per mile rate will result in an estimated annual savings of \$72,000.

IX

MISCELLANEOUS FINDINGS

Misuse

According to Department of Administration officials, approximately 300 public complaints are made annually concerning the misuse of state vehicles. The vast majority of these complaints are sent either to the Governor's Office or to the Central Motor Pool. The Department of Administration's Central Motor Pool is charged with investigating all allegations of state vehicle misuse whether they involve Central Motor Pool or other "agency-owned" vehicles.

According to Department of Administration officials, approximately 63 percent of all public complains are for alleged speeding in state vehicles. The remainder could be described as complaints about employee conduct (e.g. littering). Approximately two percent of the toal complaints concern the use of state vehicles for personal purposes.

Central Motor Pool officials who investigate these allegations informed the Task Force members that only about two percent of the complaints are found to be bona fide cases of employee misuse.

The Central Motor Pool investigates each complaint and prepares a report. A response is then sent to the person who made the allegations with a copy to the agency head. When allegations are found to be legitimate, the Central Motor Pool informs the agency head and leaves disciplinary action to the discretion of the individual supervisors. This disciplinary action ranges from a verbal reprimand to suspension or dismissal.

Based on interviews with various state officials and an examination of Department of Administration written procedures, the Task Force believes

that the Department has an effective procedure for examining these complaints in a timely, fair, and thorough manner.

State Car Marking Violations

When the Legislature established the Central Motor Pool in 1961, it also provided for the uniform color and marking of these cars. Although the uniform color (maroon) requirement was subsequently changed by the Legislature, the uniform marking standards provided in M.S.A. 16.75, Subd. 7 still apply. It is unclear whether it specifically prohibits the use of decals. The Task Force found that most Department of Transportation and Department of Natural Resources vehicles and all of the Central Motor Pool vehicles are marked with decals. It is questionable whether this marking is in compliance with state law. M.S.A. 168.012 provides for the uniform marking of other state vehicles as well.

The Task Force found that uniform marking and tax exempt plates had been removed from some cars with non-enforcement uses in one State agency. The removal of this marking is contrary to state law.

RECOMMENDATIONS

1. Agency heads should check the marking of state vehicles owned, leased, or assigned to their agencies to ensure that they are marked in the manner provided by state law.
2. The Legislature should amend M.S.A. 16.75 to allow for the marking of state vehicles with decals.

ALTERNATIVES TO STATE-OWNED TRANSPORTATION

The Legislature, when it created the Central Motor Pool in 1961, made the policy decision that the state should provide its own transportation services for employees. However, no analysis of the effectiveness and economy of this policy would be complete without examining some alternatives-- private fleet management, telecommunications, and mass transit.

FINDINGSPrivate Fleet Management

The Task Force contacted GELCO Corporation and National Car Rental to examine the feasibility of private fleet management as an alternative to state ownership of automobiles. (GELCO is the largest private fleet manager in the world and is based in the Twin Cities. National Car Rental is another large, Minnesota-based fleet management corporation.)

On October 7, Task Force members visited GELCO Corporation to personally examine their operation and to discuss the feasibility of private fleet management for the state with their top management personnel. On October 11, National Car Rental's Midwest Regional Sales Manager submitted to the Task Force a car leasing proposal for the State of Minnesota.

The Task Force members were impressed with the level of research and technology that is a part of private car fleet management in the 70's. It is the Task Force's judgment that private car fleet management could provide better transportation service, at a lower cost, than the present state fleet operations. However, cost-effective fleet management as it is accomplished by the private sector is not an alternative that is available to state agencies within the framework of existing legislation.

Effective fleet management is not a matter of "buy cheap -- run cheap -- sell cheap"; it is buying those vehicles which realize the greatest value at the time of sale, while costing the least to drive over the length of operation. It involves extensive research and effective cost-accounting systems. It means buying the best car equipped with options that cost little and increase resale value, it means selling cars at precisely the point when their continued use is uneconomical, and it means selling in a manner and at the time known to bring the highest resale value.

Existing legislation requiring competitive bidding, purchase from the lowest bidder, and public sale of the fleet are among some of the present impediments to truly cost-effective fleet management. In addition, the Legislature has long authorized the state agencies to invest heavily in their own transportation operations.

Based on a thorough examination of the state's fleet and its operation, the Task Force is convinced that this is not the most cost-effective way to manage a car fleet. The state's capital-investment in the present system is sizable, however, and any change would require careful consideration of new legislation.

Telecommunications

Not surprisingly, the majority of the state's business travel is done by automobile - either in state cars or in the employees' private automobiles. The purpose of this section is to emphasize that there are other alternatives to this method of conducting the state's business. Moreover, these alternatives are frequently less costly and require less energy. The point is that the state is not in the business of providing cars for its employees, but transportation for its employees. When examining transportation as a state "service" for its employees, it should be pointed

out that there are cheaper transportation and communication alternatives for certain jobs than passenger vehicles.

Telecommunications systems provide such an alternative. For example, telephone charges cost less than personal transportation even for very time-consuming long distance calls and are effective substitutes in many cases. With practice and planning, telephone conferencing can be used for discussions which do not require personal observations or on-site access to voluminous written records. Equipment and practical limitations mean most telephone conferences must be limited to between two and ten participants. Conference arrangements possible include individual-to-group, group-to-group, and individual-to-individual.

The application of this technology can perhaps be best gathered by a hypothetical example: A group of six Capitol Complex staff gather around a portable conference telephone borrowed from Telecommunications Division to hear a presentation by another agency official in the Duluth area. The presentation was scheduled in advance and has been well planned. The official in Duluth refers often to charts, graphs, and other visual aids sent ahead by mail, and also pauses frequently to ask for comments and questions. The presentation itself takes 60 minutes, and is followed by a 60-minute question and answer session. Total cost to the agency for 120 minutes of WATS usage is \$13.20. Telecommunications Division pays \$12 per month for the portable conference phone, but does not charge agencies for its use.

A conservative estimate of what it would have cost for the Duluth official to travel personally to St. Paul would include \$33 minimum private automobile reimbursement, \$12 meal reimbursement, and \$70 salary, for a grand total of \$115.

Information on telephone conferencing equipment available to state agencies can be obtained from the Telecommunications Division of the Administration Department. Availability depends on location, but may include the standard three-way calling with Centrex II telephone service, portable conference telephones which plug into jack outlets, conference connections set up by the State of Minnesota operators (caller and four others), regular desk speakerphones, and inexpensive battery operated devices which amplify the voices of outside parties to several persons in a room. Other, more sophisticated, equipment is also available on a limited basis for agencies willing to participate in experimental situations set up by Telecommunications Division. An example is a teacher at Worthington Community College who uses teleconferencing equipment supplied by the Division to teach a class located at the Winona Department of Transportation office.

Mass Transit

Although this is not a viable alternative for the majority of state employee business travel, it should be considered as an alternative for certain state car users. Scheduling and trip frequency of metropolitan mass transit have improved considerably in recent years. The Task Force finds that, in some cases, this is a realistic alternative, particularly for short distance travel in the metro area.

Air Travel

Air travel can be more cost effective to an agency than automobile travel, particularly when state personnel must travel great distances for a simple meeting. It should be noted that in addition to commercial air travel, the departments of Public Safety, Transportation, Natural Resources, and Military Affairs have agency-owned and-operated small aircraft. Although the use of these airplanes is primarily for enforcement

and other departmental business, these aircraft can provide air transportation for other state employee business.

RECOMMENDATIONS

The Task Force recommends that the Governor direct state agencies to take the following actions:

1. The Legislature should seriously consider the feasibility and desirability of private fleet management as an alternative to the present state fleet operation.
2. The Commissioner of Administration should contact private fleet managers to investigate the feasibility of purchasing such services as an alternative to providing its own transportation.
3. State agencies should make better use of the service available to them through the Telecommunications Division of the Department of Administration.
4. The Energy Agency and the Department of Administration should increase their efforts to inform state employees about mass transit and carpooling as alternatives to individual state car business travel.

TABLE 1

STATE PASSENGER VEHICLE FLEET BY USE

<u>Department/Board</u>	<u>Enforcement</u>	<u>Regulatory and Inspection</u>	<u>Messenger</u>	<u>Commissioner and Agency Head</u>	<u>Other Individual</u>	<u>Agency Pool</u>	<u>Total</u>
Military Affairs				1	6		7
Administration		5	1	1	11	20	38
Agriculture		83				1	84
Public Safety	576	45		1	32	25	679
Ombudsman - Corrections				1			1
Finance						1	1
Barber Board		1					1
Electricity Board					1		1
Cosmetology Board		5					5
Pharmacy Board		1					1
Nursing Home Board				1			1
Health		25			2	58	85
Commerce		11				1	12
Livestock Sanitary Board					12	1	13
Indian Affairs					2		2
Economic Development			1		5		6
Personnel						1	1
State University Board		3	7*	7	31	191	239
Community College System			1	1		40	42
Natural Resources	150	108	1		87	28	374
State Planning Agency			1	1	3	3	8
Pollution Control Agency					2	38	40
Housing Finance Agency						2	2
Vocational Rehabilitation			1		9	3	13
Education				1	40	22	63
Governor's Office			1				1
Crime Control Planning Board						2	2
Governor's Manpower Office						7	7
Labor and Industry		18	1	1	11	2	33
Iron Range Resources				1		3	4
Mediation Services					8		8
State Arts Board						1	1
Public Welfare		2		1	11	171	185
Employment Services			1		8	1	10
Higher Education Coordinating					3		3
Minnesota State Retirement						1	1
Revenue			3		31	19	53

TABLE 1 CONTINUED

<u>Department/Board</u>	<u>Enforcement</u>	<u>Regulatory and Inspection</u>	<u>Messenger</u>	<u>Commissioner and Agency Head</u>	<u>Other Individual</u>	<u>Agency Pool</u>	<u>Total</u>
Teachers Retirement Assoc.					1		1
Veterans Affairs				1	2	4	7
Zoo Board		1		1	1	2	5
Corrections		3		1	66	45	115
Transportation			3	1	209	132	345
Public Service				1		2	3
Energy Agency						1	1
Minnesota Education Computing				1	3	2	6
Hearing Examiner				1			1
Central Motor Pool						90	90
Humane Society		1					1
State Fair		<u>1</u>					<u>1</u>
Total	726	313	22	25	597	920	2,603

Source: Memorandums from agencies dated June, 1977

* indicates reassignment of vehicles within agency

TABLE 2

FLEET REDUCTION

(To be reviewed throughout the biennium to ensure increased vehicle utilization.)

Department/Board	Total State Cars as of June 30, 1977	Agency Recommended Reduction	Task Force Recommended Cuts and Reassignments	Total Reduction Reassignments	Task Force Recommended Fleet Total
Military Affairs	7	1		1	6
Administration	38	2		2	36
Agriculture	84	7		7	77
Public Safety	679	14		14	665
Ombudsman - Corrections	1				1
Finance	1				1
Barber Board	1				1
Electricity	1				1
Cosmetology	5				5
Pharmacy	1				1
Nursing Home Board	1				1
Health	85	1		1	84
Commerce	12				12
Livestock Sanitary Board	13				13
Indian Affairs	2				2
Economic Development	6				6
Personnel	1				1
State University Board	239	15	7	22	217
Community College Board	42				42
Natural Resources	374	48		48	326
State Planning	8	1		1	7
Pollution Control Agency	40	2		2	38
Housing Finance	2				2
Vocational Rehabilitation	13	2		2	11
Education	63		7	7	56
Governor's Office	1				1
Crime Control Planning Board	2				2
Governor's Manpower	7				7
Labor and Industry	33		3	3	30
Iron Range Resources	4				4
Mediation Services	8				8
Arts Board	1				1
Public Welfare	185	50		50	135
Employment Services	10		1	1	9
Higher Education Coordinating	3				3
Minnesota State Retirement	1				1
Revenue	53		5	5	48
Teachers Retirement	1				1
Veterans Affairs	7				7
Zoo Board	5				5
Corrections	115	9	6	15	100
Transportation	345	40	47*	87	258
Public Service	3				3
Energy	1				1
Minnesota Education Computing	6		2	2	4
Hearing Examiner	1				1
Central Motor Pool	90	10		10	80
Humane Society	1				1
State Fair	1				1
Total	2,603	202	78	280	2,323

TABLE 3

CENTRAL MOTOR POOL FISCAL YEAR 1977
NET OPERATING COSTS

Total expenses including depreciation per information prepared (on September 14, 1977) by Fiscal Services for fiscal year 1977	\$ 1,805,788
Less supplies inventory costs not considered in preparing the cost analysis	(1,704)
Less expenses relating to vans, trucks, commuter vans and leased cars	<u>(68,937)</u>
TOTAL EXPENSES - Passenger vehicles	\$ 1,735,147
Less reimbursed expenses (a/c 990)	(37,936)
Less estimated gain on sale of vehicles (proceeds, a/c 920, x estimated gain percentage) (\$200,722 x 27.87%)	<u>(56,000)</u>
NET OPERATING EXPENSES - Passenger vehicles	<u>\$ 1,641,211</u>
Passenger vehicles:	
Total miles	<u>14,806,386</u>
Net cost per mile	<u>11.1¢</u>

Source: CPA's memorandum to the Task Force dated September 23, 1977

TABLE 4

COMPARISON OF CENTRAL MOTOR POOL AND
DEPARTMENT OF TRANSPORTATION COST ACCOUNTING COMPONENTS

	<u>Central Motor Pool</u>	<u>Department of Transportation</u>
Depreciation:		
Method	Straight line	Straight line
Life	40 months	60 months
Salvage value	Based on NADA average retail price for comparable car--rounded down	10% of purchase cost
Application	Monthly	Full if purchased by 12/31; zero if purchased after 12/31
Gain (loss) on disposal	Not considered	Treated as negative depreciation in year of sale
Overhead:		
Storage charges	Not separately considered; included in overhead	\$50 per quarter (arbitrary amount)
Overhead application	Includes CMP supervision plus small Dept. of Administration charge (\$31,000)	Is applied as part of total DOT highway building and maintenance overhead
Percent of vehicle costs (net of gain on disposal)	14.7%	26.3%
Operating policies:		
Low mileage use	Attempts to have none; has very little	Assigns old, high mileage vehicles to low mileage needs
Replacement <u>guideline</u>	4 year/60,000 miles	Varying ranges based on life and usage (actual decisions based on vehicle condition and funds available)

TABLE 5

COMPARISON OF CENTRAL MOTOR POOL AND DEPARTMENT OF TRANSPORTATION
PASSENGER VEHICLE DATA

	<u>Central Motor Pool</u>	<u>Department of Transportation</u>
Average number of vehicles	833	352
Average mileage (DOT is lower partially because it retains old cars for low mileage usage)	17,800	14,600
Net Fleet costs		
Total	\$1,641,211	\$645,357
Per mile	\$.111	\$.126
Direct costs (including fuel, tires, repairs, etc. but excluding depreciation and overhead)		
Total	\$ 918,927	\$323,460
Per mile	\$.062	\$.063
Miles per gallon (N/A = not available)	N/A	16.2
Age of fleet--percent purchased in		
1977	22%	1%
1976	30%	17%
1975	15%	8%
1974	21%	23%
Before 1974	<u>12%</u>	<u>51%</u>
	100%	100%

Source: CPA's memorandum to the Task Force dated September 23, 1977

TABLE 6

FISCAL YEAR 1977 CENTRAL MOTOR POOL DATA BY VEHICLE CLASS

Caution: This data may be distorted by the allocation of expenses from July and August, 1976 since the new cost system did not code expenses by class until September 1, 1976, and by the use of cash basis of accounting data (the June 30, 1976 cut-off may be part of the reason that the Central Motor Pool full size direct costs are high.) Sub-compact data is not meaningful since sub-compacts were used for only a portion of the year. Also, comparison to Department of Transportation should be made only while considering the differences in the departments procedures which were discussed Table 5 and are briefly summarized in the "NOTES" to tables 6 and 7. For example, Central Motor Pool direct costs per mile may be high partially because major repair costs (including body work) are charged entirely to direct costs whereas Department of Transportation does such work internally and thus its costs are split between direct and overhead.

	<u>Sub- Compact</u>	<u>Compact</u>	<u>Intermediate</u>	<u>Full</u>	<u>Station Wagon</u>	<u>Total</u>
Identifying Code	316	300	400	500	600	
<u>Number of cars</u>						
Beginning of year	<u>0</u>	<u>151</u>	<u>319</u>	<u>251</u>	<u>112</u>	<u>833</u>
End of year - by year purchased:						
1977	6	42	91	14	28	181
1976	-	49	144	20	27	240
1975	-	39	63	11	14	127
1974	-	63	66	16	27	172
1973 and earlier	-	-	37	49	9	95
Not identified by year	-	-	17	(1)	2	18
Total	6	193	418	109	107	833
Average (Beginning and Ending ÷ 2)	3	172	369	180	109	833
<u>Miles Driven</u>						
Total	19,673	2,959,769	7,173,223	2,512,996	2,140,725	14,806,386
Average (Total ÷ average numbers)	6,500	17,200	19,400	14,000	19,600	17,800
<u>Mileage</u>						
Total gallons						
Miles per gallon						Not available

TABLE 6 CONTINUED

	<u>Sub- Compact</u>	<u>Compact</u>	<u>Intermediate</u>	<u>Full</u>	<u>Station Wagon</u>	<u>Total</u>
<u>Costs-Total</u>						
Direct (Running)	\$ 775	\$165,391	\$405,486	\$200,823	\$146,452	\$ 918,927
Depreciation	2,175	133,208	287,016	60,696	91,538	574,633
Overhead	397	45,043	108,459	50,194	37,494	241,587
Total	<u>\$3,347</u>	<u>\$343,642</u>	<u>\$800,961</u>	<u>\$311,713</u>	<u>\$275,484</u>	<u>\$1,735,147</u>
Less: Expense reimbursement and estimated net gain on sale						(93,936)
Net cost						<u>\$1,641,211</u>
<u>Cost-per mile (Cents)</u>						
Direct (Running)	3.9¢	5.6¢	5.7¢	8.0¢	6.8¢	6.2¢
Depreciation (A)	11.0	4.5	4.0	2.4	4.3	3.9
Overhead (B)	2.1	1.5	1.5	2.0	1.8	1.6
Total	<u>17.0¢</u>	<u>11.6¢</u>	<u>11.2¢</u>	<u>12.4¢</u>	<u>12.9¢</u>	<u>11.7</u>
Less: Expense reimbursement and estimated net gain on sale						(.6)
Net cost						<u>11.1¢</u>

NOTES:

- (A) Straight-line from month of purchase; 40 months; conservative salvage based on NADA; gain on disposal not considered except in total as indicated above.
- (B) Overhead application includes Central Motor Pool supervision, maintenance supervision and fringe benefits, travel coordinator costs and \$31,000 Department of Administration expense allocation.

Source: CPA's memorandum to Task Force dated September 23, 1977

TABLE 7

FISCAL YEAR 1977 DEPARTMENT OF TRANSPORTATION DATA BY VEHICLE CLASS

Caution: This data may be distorted by "storage charges" which may not be "realistic" and overhead charges which may better apply to other Department of Transportation equipment. Also, comparisons to Central Motor Pool should be made only while considering the differences in the departments' procedures which were discussed in Table and are briefly described in the "NOTES" to Tables 6 and 7. For example, Department of Transportation depreciation per mile is lower partially because total depreciation has been reduced by the net gain on sale of vehicles.

	<u>Compact</u>	<u>Intermediate</u>	<u>Full</u>	<u>Station Wagon</u>	<u>Total</u>
Identifying Code	8	9	10	13 & 131	
<u>Number of Cars</u>					
Beginning of year	35	85	196	41	357
End of year - by year of purchase:					
1977	-	-	3	-	3
1976	11	25	19	3	58
1975	-	11	12	4	27
1974	24	47	-	9	80
1973	-	-	80	6	86
1972 and earlier	-	-	80	14	94
Total	35	83	194	36	348
Average (Beginning and Ending ÷ 2)	35	84	195	38	352
<u>Miles Driven</u>					
Total	535,336	1,225,273	2,855,630	510,445	5,126,684
Average (Total ÷ Average Number)	15,300	14,600	14,600	13,400	14,600
<u>Mileage</u>					
Total gallons	26,447	72,920	181,569	36,096	317,032
Miles per gallon	20.2	16.8	15.7	14.1	16.2
<u>Costs- Total</u>					
Direct (Running)	\$25,372	\$ 83,285	\$182,372	\$32,531	\$323,460
Depreciation	20,270	38,473	79,425	14,116	152,284
Overhead	5,112	28,307	58,833	7,811	100,063
Storage (overhead)	7,000	16,700	38,950	6,900	69,550
				\$61,258	

TABLE 7 CONTINUED

<u>Cost-per mile (Cents)</u>	<u>Compact</u>	<u>Intermediate</u>	<u>Full</u>	<u>Station Wagon</u>	<u>Full</u>
Direct (Running)	4.7¢	6.8¢	6.4¢	6.4¢	6.3¢
Depreciation (A)	3.8	3.1	2.8	2.8	3.0
Overhead (B)	1.0	2.3	2.0	1.5	1.9
Storage (Overhead) (C)	1.3	1.4	1.4	1.3	1.4
	<u>10.8¢</u>	<u>13.6¢</u>	<u>12.6¢</u>	<u>12.0¢</u>	<u>12.6¢</u>

NOTES:

- (A) Straight-line, half year convention; 60 months; 10 percent salvage (conservative); net gain on disposal treated as negative depreciation in year of sale.
- (B) Overhead applied as part of overall Department of Transportation overhead; a separate overhead pool is not maintained for the passenger vehicles.
- (C) Storage is part of the overhead allocation policy.

Source: CPA's memorandum to the Task Force dated September 23, 1977

TABLE 8

COMPONENTS OF PASSENGER VEHICLE
COST-ACCOUNTING SYSTEM

Components

Vehicle Class
Vehicle Number
Gallons of Gasoline
Costs -

Depreciation
Gasoline
Labor
Parts and Tires
Other
Overhead
Total

Mileage
Cost per mile
Miles per gallon
Rental income
Rental income over(under) costs

Use to Monitor -

1. Rental rates
2. Vehicle maintenance
3. Assignment (utilization)
4. Disposition/Replacement
5. Cost control
6. Private car reimbursement
(break even point)

TABLE 9

CENTRAL MOTOR POOL RATE STRUCTURE
(Fiscal Year 1977-78)

<u>Class</u>	<u>Day</u>	<u>Weekly</u>	<u>Month</u>	<u>Additional Charge Per Mile</u>
Full Size Wagon	\$7	\$35	\$115	7.0¢
Full Size or Intermediate	\$6	\$30	\$100	6.0¢
Compact	\$5	\$25	\$ 85	5.5¢

Source: Central Motor Pool

TABLE 10

COMPARISON OF CAR CLASS COMPOSITION IN
PRESENT FLEET WITH FLEET PROPOSED BY TASK FORCE

<u>Car Class</u>	<u>Percent of Present Fleet</u>	<u>Percent of Proposed Fleet*</u>
Sub-compact	0	20
Compact	12	30
Intermediate	22	35
Full-size sedan	48	0
Station Wagon (Large)	11	5
(Mid size)	0	5
Vans	<u>7</u>	<u>5</u>
	100%	100%

Source: Analysis of agency data (June 30, 1977)

*Exception: All State Patrol and Conservation Officer full-size sedans will be changed to intermediates. Bureau of Criminal Apprehension will continue to purchase whatever car classes they deem appropriate to meet their special needs. These exceptions have been taken into consideration in the determination of the future state fleet percentage.

TABLE 11

STATE PASSENGER VEHICLE FLEET BY SIZE CLASS

<u>Department/Board</u>	<u>Sub-compacts</u>	<u>Compacts</u>	<u>Intermediates</u>	<u>Full</u>	<u>Station Wagons</u>	<u>Vans</u>	<u>Total</u>
Military Affairs				7			7
Administration	3	5	6	8	3	13	38
Agriculture		12	64	3	5		84
Public Safety	3	13	46	589	12	16	679
Ombudsman - Corrections		1					1
Finance			1				1
Barber Board				1			1
Electricity Board			1				1
Cosmetology Board		3		2			5
Pharmacy Board		1					1
Nursing Home Board				1			1
Health		25	51		5	4	85
Commerce		1	8	2	1		12
Livestock Sanitary Board		1	8	4			13
Indian Affairs		1	1				2
Economic Development			5		1		6
Personnel			1				1
State University Board		59	35	55	52	38	239
Community College System		6	1	1	14	20	42
Natural Resources		35	103	202	34		374
State Planning Agency	1	2		5			8
Pollution Control Agency		12	14		7	7	40
Housing Finance Agency			1	1			2
Vocational Rehabilitation		4	8	1			13
Education		3	29	11	18	2	63
Governor's Office			1				1
Crime Control Planning Board		1	1				2
Governor's Manpower Office		1		6			7
Labor and Industry		9	18	5	1		33
Iron Range Resources		2		2			4
Mediation Services		3	2	1	2		8
State Arts Board			1				1
Public Welfare	2	5	9	49	57	63	185
Employment Services		4		5	1		10
Higher Education Coordinating		2		1			3
Minnesota State Retirement				1			1
Revenue		26	8	16		3	53

TABLE 11 CONTINUED

<u>Department/Board</u>	<u>Sub-Compacts</u>	<u>Compacts</u>	<u>Intermediates</u>	<u>Full</u>	<u>Station Wagons</u>	<u>Vans</u>	<u>Total</u>
Teachers Retirement Assoc.			1				1
Veterans Affairs		1	1	3		2	7
Zoo Board		2		3			5
Corrections		22	26	34	21	12	115
Transportation		31	78	210	26		345
Public Service			1	2			3
Energy Agency		1					1
Minnesota Education Computing		1	3	2			6
Hearing Examiner			1				1
Central Motor Pool		22	25	26	17		90
Humane Society			1				1
State Fair			1				1
	—	—	—	—	—	—	—
Total	9	317	561	1,259	277	180	2,603

Source: Memoranda from agencies dated June, 1977

TABLE 12

CAR CLASS COMPARISON OF 1977 AND 1978 MODEL YEAR
CAR PURCHASING STANDARD SPECIFICATIONS BY WHEELBASE AND ENGINE SIZE*

<u>Car Class</u>	<u>Wheelbase (in.)</u>		<u>Engine Size (CID)</u>	
	<u>1977</u>	<u>1978</u>	<u>1977</u>	<u>1978</u>
Sub-compact	-	90	-	97.6
Compact	103	103	225	200
Intermediate	116	116	302	225
Full size	120	-	318	-
Station Wagon (Large)	121	116	400	302
(Mid size)	-	103	-	200

Sources: Department of Administration specifications (1977 model) and Department of Administration proposed (1978 model) specifications dated October 13, 1977

* These specifications do not apply to enforcement vehicles.

TABLE 13

COMPARISON OF MINIMUM EPA (COMBINED) MILEAGE
SPECIFICATIONS FOR 1977 AND 1978 MODEL CARS

<u>Car Class</u>	<u>1977 models</u>	<u>1978 models</u>
	miles per gallon	miles per gallon
Sub-Compact	18	24
Compact	18	20
Intermediate	18	18
Full-size	18	-
Station Wagon (Std.)	18	15
(Mid Size)	18	19

Sources: Commissioner Brubacher's memorandum of May 12, 1977. --
Department of Administration (1978 model) specifications dated October 13, 197

TABLE 14

SELECTED PASSENGER VEHICLE MILEAGE
AT TIME OF SALE

<u>Agency</u>	<u>Mileage</u>
Central Motor Pool	70,000 - 85,000*
Public Safety (Patrol)	62,000 - 70,000
State University	80,000 - 95,000
Natural Resources	often over 100,000
State Hospitals	95,000 - 100,000
Department of Transportation	90,000 - 100,000

Source: Department of Administration memorandum from Ray Walimaa
dated August 4, 1977

* This mileage is higher than 60,000 due, in part, to the restriction
on new car purchases for last year.

TABLE 15

FISCAL YEARS 1976 AND 1977 COMPARISON OF PRIVATE CAR REIMBURSEMENT
AND CENTRAL MOTOR POOL CHARGES

Department/Board	Fiscal Year 1976 Private Car Reimbursement	Fiscal Year 1977 Private Car Reimbursement	Percent Change	Fiscal Year 1976 Central Motor Pool	Fiscal Year 1977 Central Motor Pool	Percent Change
Military Affairs	\$ 72	\$ 139	93	\$ -	\$ -	-
Administration	18,905	20,120	6	67,094	58,840	-14
Agriculture	97,282	94,716	- 3	201,473	178,193	-12
Boxing Board	793	913	15	-	-	-
Public Safety	112,411	95,617	-15	188,691	158,073	-16
Ombudsman - Corrections	4,283	3,837	-10	1,585	1,451	- 8
Finance	681	1,744	156	1,312	1,915	46
Barber Board	2,030	1,905	- 6	1,599	1,721	8
Electricity Board	35,678	30,808	-14	-	655	-
Cosmetology Board	23,451	14,675	-37	-	6,213	-
Medical Examiners Board	2,179	3,255	49	-	26	-
Nursing Board	3,719	3,936	6	124	83	-33
Pharmacy Board	5,595	4,490	-20	1,866	1,878	1
Architects/Engineers Board	4,126	3,193	-23	-	-	-
Dentistry Board	2,790	2,442	-12	-	-	-
Watchmakers Board	261	363	39	-	-	-
Chiropractors Board	1,187	1,025	-14	-	-	-
Psychology Board	1,604	1,610	0	-	-	-
Optometry Board	782	1,090	39	-	-	-
Nursing Home Board	951	574	-40	2,016	1,753	-13
Abstractors	769	653	-15	-	-	-
Accountancy Board	778	723	- 7	-	-	-
Podiatry Board	639	350	-45	-	-	-
Veterinary Board	571	667	17	45	-	-
Health	141,601	160,553	13	182,061	151,276	-17
Commerce	33,816	25,262	-25	33,255	34,500	4
Livestock Sanitary Board	11,624	10,838	- 7	37,492	35,387	- 6
Human Rights	7,648	7,667	0	1,575	2,286	45
Indian Affairs	5,430	3,507	-35	4,423	4,092	- 7
Economic Development	19,766	10,731	-46	26,413	23,122	-12
Personnel	2,306	3,160	37	4,360	3,123	-28
State University Board	105,239	124,579	18	22,568	31,103	38
Community College Board	67,956	65,812	- 3	38,809	54,341	40
Natural Resources	108,305	102,687	- 5	177,808	163,590	- 8
State Planning Agency	77,723	71,052	- 9	19,373	22,823	18
Pollution Control Agency	17,004	12,699	-25	58,559	54,663	- 7
Housing Finance Agency	6,959	21,933	215	5,260	7,413	41

TABLE 15 CONTINUED

<u>Department/Board</u>	<u>Fiscal Year 1976 Private Car Reimbursement</u>	<u>Fiscal Year 1977 Private Car Reimbursement</u>	<u>Percent Change</u>	<u>Fiscal Year 1976 Central Motor Pool</u>	<u>Fiscal Year 1977 Central Motor Pool</u>	<u>Percent Change</u>
Education	\$ 275,801	\$ 280,142	2	\$ 197,315	\$ 179,455	- 9
Investment Board	41	512	1,148	-	-	-
Governor's Office	12,012	6,434	-46	4,658	5,192	11
Crime Control Planning Board	8,160	7,568	- 7	5,283	5,901	12
Governor's Manpower Office	36,949	83,887	127	6,060	6,955	15
Labor and Industry	60,755	61,225	1	72,482	67,906	- 6
Iron Range Resources	2,405	1,985	-17	10,862	11,026	2
Mediation Services	11,600	10,070	-13	19,204	17,224	-10
State Arts Board	4,797	14,714	207	2,341	2,892	24
Public Welfare	242,843	231,322	- 5	124,016	102,581	-17
Employment Services	219,455	184,859	-16	39,308	29,285	-26
Higher Education Coordinating	11,820	16,001	35	7,778	7,263	- 7
Minnesota State Retirement	662	885	34	1,409	1,383	- 2
Public Employees Retirement	5,105	5,944	16	-	-	-
Revenue	120,769	116,365	- 4	118,137	108,965	- 8
Teachers Retirement Assoc.	858	666	-22	1,476	2,185	48
Veterans Affairs	6,546	7,035	7	9,152	6,832	-25
Water Resources Board	966	1,695	75	673	774	15
Zoo Board	3,423	6,372	86	97	71	-27
Corrections	103,541	95,359	- 8	185,060	149,238	-19
Transportation	125,596	139,692	11	3,698	13,328	261
Public Service	11,323	6,103	-46	27,442	15,887	-42
Energy Agency	2,589	4,180	61	3,590	4,617	29
Capitol Area Architect.	32	874	2,631	-	-	-
Minnesota Education Computing	12,737	6,102	-52	6,169	13,427	118
Great Lakes Commission	165	276	67	-	-	-
Southern Minnesota Rivers	2,850	3,666	29	117	250	114
Council for Handicapped	6,401	6,463	1	49	-	-
Hearing Examiner	1,345	3,276	144	2,460	1,774	-28
Municipal Board	2,401	2,943	23	204	683	235
Minnesota-Wisconsin Boundary	528	197	-63	-	-	-
Total	\$2,221,389	\$2,216,137		\$1,926,801	\$1,753,614	

Source: Department of Finance report dated July 7 and 13, 1977

TABLE 16

COMPARISON OF PRIVATE CAR REIMBURSEMENT AND
CENTRAL MOTOR POOL CHARGES BY NUMBER OF EMPLOYEES
(FISCAL YEAR 1977)

<u>Department/Board</u>	<u>Number of Cars</u>	<u>Private Car Reimbursement</u>	<u>Number of Positions</u>	<u>Positions per Car</u>	<u>Private Car Reimbursement per Position</u>	<u>Central Motor Pool Rental</u>	<u>Central Motor Pool Rental per Position</u>
Military Affairs	7	\$ 139	183	26	\$ 1	\$ -	\$ -
Administration	38	20,120	1,088	29	18	58,840	54
Agriculture	84	94,716	587	7	161	178,193	304
Boxing Board	0	913	8	-	114	-	-
Public Safety	679	95,617	1,662	2	58	158,073	95
Ombudsman - Corrections	1	3,837	8	8	480	1,451	181
Finance	1	1,744	125	125	14	1,915	15
Barber Board	1	1,905	5	5	381	1,721	344
Electricity Board	1	30,808	10	10	3,081	655	66
Cosmetology Board	5	14,675	5	1	2,935	6,213	1,243
Medical Examiners Board	0	3,255	12	-	271	26	2
Nursing Board	0	3,936	13	-	303	83	6
Pharmacy Board	1	4,490	8	8	561	1,878	235
Architects/Engineers Board	0	3,193	17	-	188	-	-
Dentistry Board	0	2,442	7	-	349	-	-
Watchmakers Board	0	363	6	-	61	-	-
Chiropractors Board	0	1,025	8	-	128	-	-
Psychology Board	0	1,610	11	-	146	-	-
Optometry Board	0	1,090	7	-	156	-	-
Nursing Home Board	1	574	12	12	48	1,753	146
Abstractors Board	0	653	7	-	93	-	-
Accountancy Board	0	723	8	-	90	-	-
Podiatry Board	0	350	7	-	50	-	-
Veterinary Board	0	667	8	-	83	-	-
Health	85	160,553	741	9	217	151,276	204
Commerce	12	25,262	219	18	115	34,500	158
Livestock Sanitary Board	13	10,838	46	4	236	35,387	769
Human Rights	0	7,667	62	-	124	2,286	37
Indian Affairs	2	3,507	7	4	501	4,092	585
Economic Development	6	10,731	51	9	210	23,122	453
Personnel	1	3,160	107	107	30	3,123	29
State University Board	239	124,579	3,639	15	34	31,103	9
Community College Board	42	65,812	1,842	44	36	54,341	30
Natural Resources	374	102,687	1,513	4	68	163,590	108

TABLE 16 CONTINUED

<u>Department/Board</u>	<u>Number of Cars</u>	<u>Private Car Reimbursement</u>	<u>Number of Positions</u>	<u>Positions per Car</u>	<u>Private Car Reimbursement per Position</u>	<u>Central Motor Pool Rental</u>	<u>Central Motor Pool Rental per Position</u>
State Planning Agency	8	\$ 71,052	199	25	\$ 357	\$ 22,823	\$ 115
Pollution Control Agency	40	12,699	264	7	48	54,663	207
Housing Finance Agency	2	21,933	83	42	264	7,413	89
Vocational Rehabilitation	13	165,977	458	35	362	23,829	52
Education	63	114,165	492	8	232	155,626	316
Investment Board	0	512	27	-	19	-	-
Governor's Office	1	6,434	55	55	117	5,192	94
Crime Control Planning Board	2	7,568	101	51	75	5,901	58
Governor's Manpower Office	7	83,887	229	33	366	6,955	30
Labor and Industry	33	61,225	250	8	245	67,906	272
Iron Range Resources	4	1,985	47	12	42	11,026	235
Mediation Services	8	10,070	25	3	403	17,224	689
State Arts Board	1	14,714	10	10	1,471	2,892	289
Public Welfare	185	231,322	6,964	38	33	102,581	15
Employment Services	10	184,859	1,983	198	93	29,285	15
Higher Education Coordinating	3	16,001	87	29	184	7,263	83
Minnesota State Retirement	1	885	39	39	23	1,383	35
Public Employees Retirement	0	5,944	14	-	425	-	-
Revenue	53	116,365	888	17	131	108,965	123
Teachers Retirement Assoc.	1	666	54	54	12	2,185	40
Veterans Affairs	7	7,035	159	23	44	6,832	43
Water Resources	0	1,695	3	-	565	774	258
Zoo Board	5	6,372	93	19	69	71	1
Corrections	115	95,359	1,563	14	61	149,238	95
Transportation	345	139,692	5,111	15	27	13,328	3
Public Service	3	6,103	124	41	49	15,887	128
Energy Agency	1	4,180	58	58	72	4,617	80
Capitol Area Architect.	0	874	8	-	109	-	-
Minnesota Education Computing	6	6,102	77	13	79	13,427	174
Hearing Examiner	1	3,276	24	24	137	1,774	74
Great Lakes Commission	0	276	5	-	55	-	-
Southern Minnesota Rivers	0	3,666	7	-	524	250	36
Council for Handicapped	0	6,463	9	-	718	-	-
Municipal Board	0	2,943	4	-	736	683	171
Minnesota-Wisconsin Boundary	0	197	5	-	39	-	-
Central Motor Pool	90						
Humane Society	1						
State Fair	1						
	2,603	\$2,216,137	31,558			\$1,753,614	

TABLE 16 CONTINUED

Source: Agency memorandums dated June, 1977
Finance Report dated July 13, 1977
Finance Position Comparison Report dated June 27, 1977
Minnesota Legislative Manual - 1977-78

TABLE 17

COMPARISON OF STATE EMPLOYEE REIMBURSEMENT
(FOR PERSONAL USE OF STATE CARS)
WITH PRIVATE CAR OPERATING COSTS

I. Estimated Private Reimbursement

	Reimbursement Rate	Total Miles 4/1 - 6/30/77	Estimated Annual Mileage	Estimated Yearly Payment
Compact	12.0¢/mi.	10,244	40,976	\$ 4,917
Intermediate	12.6¢/mi.	3,829	15,316	1,930
Standard	13.0¢/mi.	37,675	150,700	<u>19,591</u>
				\$26,438

II. Estimated Cost of Operating A Private Automobile

	Estimated Total Cost				
	Low Cost Assumption	High Cost Assumption	Estimated Annual Mileage	Low Cost Assumption	High Cost Assumption
Compact	15.7¢/mi.	24.1¢/mi.	40,976	\$ 6,433	\$ 9,875
Intermediate	16.8¢/mi.	25.5¢/mi.	15,316	2,573	3,905
Standard	18.5¢/mi.	28.2¢/mi.	150,700	<u>27,879</u>	<u>42,497</u>
				\$36,885	\$56,277

III. COMPARISON OF ESTIMATED ANNUAL PRIVATE
REIMBURSEMENT TO PRIVATE AUTOMOBILE COST

	Estimated Annual Private Car Cost			Subsidy	
	Estimated Annual Reimbursement	Low Cost Assumption	High Cost Assumption	Low Cost Assumption	High Cost Assumption
Compact	\$ 4,917	\$ 6,433	\$ 9,875	\$ 1,516	\$ 4,958
Intermediate	1,930	2,573	3,905	643	1,975
Standard	<u>19,591</u>	<u>27,879</u>	<u>42,497</u>	<u>8,288</u>	<u>22,906</u>
	\$26,438	\$36,885	\$56,277	\$10,447	\$29,839

Source: Car reimbursement report dated April to June 30, 1977 and 1977 Fleet Cost and Policy Study by Runzheimer and Co., Inc.