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Certified Public Manager (CPM) Project

The Update and Expansion of the SC Maintenance Facility Certification Manual

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 27 2007

February 26, 2007

STATE DOCUMENTS

Problem Statement:

As directed by section 1-11-220, SFM developed maintenance policies and procedures applicable to all agencies operating State vehicles, regardless of whether the agency has its own facility. In June 1985, the General Assembly adopted regulations 19-630 through 19-633, now replaced by the South Carolina Budget and Control Board Policy Directives, Subarticles 2-1 through 2-4 to ensure that agencies operating State vehicle maintenance facilities were complying with the minimum requirements of the Act. These regulations directed the development of a manual for the operation and certification of all State vehicle maintenance facilities. State-owned maintenance facilities monitored by SFM supported over 20,000 pieces of equipment in FY04 with a reported cost of about \$29 million.

In May 2005, Mercury Associates completed a study of the State of South Carolina's fleet management operations. Their charge was to identify ways the State could save money and improve efficiency in the delivery of services to the public, and enhance the productivity of State employees. Mercury stated that the current maintenance evaluation process covers the basics for evaluating the effectiveness of State maintenance facilities. They recommended that the basic elements of the SC Maintenance Facility Certification Program be expanded to include the following additional critical factors and considerations:

- An internal service fund and/or a cost charge-back system is used to account for all of the direct and indirect costs of operating an internal repair shop;
- Work orders are used to track all repair activities;
- All technicians hours are recorded and accounted for on a daily basis;
- A standard exists for direct billable time for each technician and this is monitored at least on a quarterly basis and is also part of the performance review process;
- Formal work (i.e. time) standards are in place to monitor technician repair productivity. These standards are used to identify training needs and as part of the annual performance review process;

- A minimum 90 percent PM compliance standard is met;
- A formal quality assurance process is in place that includes monitoring of comeback rates and periodic random inspection of work completed by technicians;
- A formal performance measurement process exists for maintenance and repair activities and actual performance compares reasonably well to establish industry benchmarks;
- Technicians receive an appropriate level of training (normally at least 40 hours per year) in order to remain current with changes in the fleet industry;
- Supervisors also receive at least 40 hours of training each year in mechanical, supervisory, and administrative subject matters;
- Technicians are encouraged to obtain ASE certification through the use of financial incentives and/or by tying advancement to ASE certifications;
- Shops are in good condition, are appropriately sized, and promote efficient productivity with features such as appropriate lighting, engine exhaust systems, vehicle lifts, and fluid dispensing systems;
- Shops have an appropriate industry standard compliment of productivity enhancing tools and equipment such as pneumatic impact wrenches, fluid flushing machines, tire machines, specialty tools, etc.;
- Shops make appropriate use of technology including access to a fleet management system on the shop floor for use by technicians, electronic engine analyzers/scan tools, and electronic parts and service manuals;
- Technician to vehicle ratios are reasonable and fall within established guidelines (the amount of outsourcing should be included in this calculation);
- The ratio of technicians to supervisor and support positions is reasonable and falls within the established guidelines; and
- Maintenance and repair costs are reasonable and fall within established guidelines.

The Mercury Study revealed that State Fleet Management managed a number of programs that were industry best practices that provided value to the State. State Fleet Management is enthusiastic about the results of the study and has become committed to insure that the findings are carried out.

Data Collection and Analysis:

The data collected from maintenance facility Certification Reviews demonstrates the need for an updated manual. Numerous maintenance facilities have been found to be operating at a financial deficit (See enclosures 1 and 2). Enclosure 1 provides examples of three charts used on the maintenance facility certification review reports in the Cost Effective Operations section. The chart is a snapshot of the costs of personnel salaries (and fringes) on the maintenance facility. During the Certification reviews, it is stressed that there must be a method used that will capture all the costs of operating the maintenance facility. The cost data must be analyzed in order to evaluate the cost-effectiveness of the maintenance efforts. Labor rates must be established that will cover the cost of operating the facility. Time charged for repairs should be measured against a published standard where possible. Better maintenance management produces cost savings by improving the efficiency, effectiveness, and safety of the automotive technicians who perform maintenance and repairs. The chart shows whether a maintenance facility is operating at a deficit. Enclosure 2 is the Maintenance Facility Personnel and Cost Information chart. The chart shows that numerous facilities are operating at a deficit (see profit/loss column). The reason for the deficit in many of the facilities is that agencies are not using a fully burdened labor rate. Since the maintenance facilities are not actually “making money” for the agencies, they possibly feel that the facilities operating at a deficit is not really a problem. The Certification Review reports address the labor rates. The reports are addressed to the agency heads. The reports of the facilities that are not covering their costs state the following, “The figures indicate that the actual maintenance costs charged to equipment being worked on in this facility are not covering the agency’s personnel costs.