



**EVALUATION OF THE
DEPARTMENT OF LABOR'S
FLEET MANAGEMENT PROGRAM**

**OFFICE OF THE ASSISTANT SECRETARY
FOR ADMINISTRATION AND MANAGEMENT**

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ACRONYMS

AFs	Alternative Fuels
AFVs	Alternative Fuel Vehicles
AMD	Average Miles Driven
DLMS	Department of Labor Manual Series
DOE	Department of Energy
DOL	Department of Labor
E.O. 13149	Executive Order 13149
EPA	Environmental Protection Agency
ESA	Employment Standards Administration
ETA	Employment and Training Administration
FY	Fiscal Year
GSA	General Services Administration
MPG	Mile Per Gallon
MSHA	Mine Safety and Health Administration
OASAM	Office of the Assistant Secretary for Administration and Management
OSHA	Occupational Safety and Health Administration
POV	Privately Owned Vehicle

EXECUTIVE SUMMARY

At the request of the Office of the Assistant Secretary for Administration and Management (OASAM), we conducted an evaluation of the Department of Labor's (DOL) motor vehicle fleet program to determine whether the vehicles are cost effective and necessary to the Department's mission. OASAM develops policy and provides leadership, technical direction, guidance, and assistance in administering DOL's motor vehicle fleet program.

Motor vehicles are an integral tool for DOL in meeting its mission. With the size, complexity and cost of a federal fleet, it is imperative that it be utilized and managed as effectively and efficiently as possible.

Executive Order 13149, issued April 21, 2000, directs federal agencies to reduce petroleum fuel consumption by 20 percent by fiscal year (FY) 2005 through improvements in fleet fuel efficiency and the use of alternative fuel vehicles (AFVs) and alternative fuels (AFs). DOL's compliance strategy for reducing petroleum consumption was submitted to the Department of Energy (DOE) in October 2000 and was ultimately rejected for lack of specific action items to achieve stated goals.

RESULTS OF EVALUATION

Analysis of the information and data we gathered, along with our interviews, revealed that DOL has a great opportunity for savings if it better manages its motor vehicle fleet and encourages use of AFVs and AFs. We identified specific areas where OASAM should conduct further analysis, and where specific action plans should be developed, implemented and monitored. Those areas are identified below.

FINDING A: DOL Needs to Implement Strategies That Will Reduce Motor Vehicle Petroleum Fuel Consumption

DOL needs to develop a strategy that will emphasize (1) improved fuel efficiency and (2) greater use of alternative fuel vehicles and alternative fuels. This strategy should conform to the requirements set forth in Executive Order 13149 (E.O.13149) directing federal agencies to reduce petroleum fuel consumption by 20 percent by FY 2005. Further, additional administrative oversight is needed to ensure continued compliance with reductions in petroleum fuel consumption within DOL's motor vehicle fleet.

DOL could substantially meet petroleum reduction targets by acquiring motor vehicles with higher fuel efficiency ratings. OASAM should develop a strategy for increasing the percentage of "fuel economy leaders" in popular vehicle classes in the DOL motor vehicle fleet.

Our analysis revealed that a total of 298 vehicles in the total passenger fleet of 3,609 are "fuel economy leaders." This represents only 8.3% of the entire fleet. In addition, the

most efficient vehicles are either pickups or vans. No passenger sedans, compacts, or sub-compacts met the fuel economy leader criteria, with one possible caveat. The Plymouth Breeze is listed as a fuel economy leader, but only in the case of *manual transmission* vehicles. However, even assuming that all 326 of these vehicles possess manual transmissions, only 17.3% of the fleet can be classified as highly fuel-efficient. DOL needs to identify which vehicles they consider to be in line for replacement based on the level of their current fuel efficiency.

Finally, DOL needs to increase the acquisition and usage of AFVs. While the number of AFVs in the DOL fleet has increased substantially over the past five years, DOL is not in compliance with the Energy Policy Act of 1992 which requires that 75 percent of new vehicle acquisitions (beginning in FY 2000) be comprised of AFVs, and E.O. 13149 which requires that by FY 2005 a majority of the fuel consumed by AFVs be in the form of alternative fuel.

FINDING B: DOL's Motor Vehicle Fleet Can Be Utilized More Efficiently

We found that a majority of DOL's motor vehicle fleet is driven less than 800 miles per month, creating unnecessary costs for DOL. We calculated that DOL could recognize cost savings of up to \$2.5 million annually by eliminating underutilized vehicles from the existing motor vehicle fleet.

DOL's motor vehicle fleet is comprised of over 4,000 vehicles; 3,609 of these are light-duty passenger vehicles. With a nationwide fleet of this size, managing with efficiency has direct consequences on the costs associated with operating the fleet. DOL should develop a plan for reducing the size of the fleet through removal of the least efficiently utilized vehicles.

RECOMMENDATIONS

We recommend that OASAM take the following actions to improve the utilization, effectiveness and oversight of DOL's motor vehicle fleet:

- (1) Develop, implement and monitor an improved compliance strategy in order to meet the requirements of Executive Order 13149 within the prescribed time frames. DOL should follow the sample guidance provided by DOE and review plans approved by DOE to identify best practices and common barriers to compliance. We recommend a strategy that specifically emphasizes the three-pronged approach to reducing fuel consumption, in this order:
 - a) Better utilization of existing fleet.
 - b) More emphasis on the use of fuel-efficient vehicles.
 - c) Increase the use of AFVs and AFs.

- (2) Develop and implement a specific action plan to replace the least fuel-efficient vehicles in the DOL passenger fleet with DOE/EPA “fuel economy leaders.”
- (3) Develop and implement a plan for additional purchase of AFVs in those regions where AFs are available.
- (4) Realign AFVs to areas that have existing infrastructure.
- (5) Implement a specific action plan for installing AFV refueling equipment or obtaining access to AFV fueling points.
- (6) Implement a tracking system to monitor the use of alternative fuels in Dual Fuel vehicles.
- (7) Develop and implement a comprehensive education program that emphasizes the benefits of AFVs, AF use and principles of effective fleet management.
- (8) Develop and implement a coordinated oversight function that will ensure agencies’ acquisition requests comport with DOL’s compliance strategy.
- (9) Develop and implement a specific action plan to reduce the size of the existing fleet, based on utilization figures.

OASAM’S RESPONSE AND OIG CONCLUSIONS

OASAM and DOL agencies agree, “that most of the recommendations are workable, given some practical limitations and mission requirements.”

Based on OASAM’s response, we consider all recommendations resolved. The recommendations will be closed pending OIG’s receipt of appropriate documentation specified in the report.

The agency’s complete response is found in the Appendix.

BACKGROUND

A presidential directive issued May 3, 2001, directed federal agencies to take appropriate actions to conserve energy as part of a comprehensive national energy plan. In response to the presidential directive, DOL developed an energy conservation plan that included an evaluation of DOL's fleet management program. In that regard, the Office of the Assistant Secretary for Administration and Management (OASAM) proactively requested that the Office of Inspector General conduct the fleet management evaluation.

Fleet Management Responsibilities

OASAM develops policy and provides leadership, technical direction, guidance, and assistance in administering DOL's motor vehicle fleet program. Responsibilities for management of the fleet are detailed in the Department of Labor Manual Series (DLMS 2-1500). DOL program administrative officers, or their designees, are responsible for establishing and maintaining an agency motor vehicle management program, and for ensuring compliance with General Services Administration (GSA) and DOL policy directives and guidelines.

DOL's motor fleet is comprised of 4,019 vehicles, distributed across nine geographic regions defined by GSA. Within DOL, the Mine Safety and Health Administration and the Employment and Training Administration lease and operate the greatest number of vehicles at 1,183 and 932 vehicles respectively.

Executive Order 13149

In addition to the presidential directive mentioned above, Executive Order 13149, issued April 21, 2000, directs federal agencies to reduce petroleum fuel consumption by 20 percent by fiscal year 2005 through improvements in fleet fuel efficiency and the use of alternative fuel vehicles and alternative fuels. DOL's compliance strategy for reducing petroleum consumption was submitted to the Department of Energy in October 2000 and was ultimately rejected for lack of specific action items to achieve stated goals.

PURPOSE AND METHODOLOGY

PURPOSE

The purpose of this evaluation is to examine DOL's motor vehicle fleet program to determine whether the vehicles are cost effective and necessary to the Department's mission. In addition to the number and deployment of the vehicles, the review is also to evaluate the feasibility of replacing vehicles with more fuel-efficient models, including alternative fuel vehicles.

METHODOLOGY

To meet the objectives of this review, we utilized a variety of quantitative and qualitative analytical methods.

Quantitative Methods

OASAM provided data pertaining to the DOL motor vehicle fleet for the year 2000. We did not independently verify the data; however, OASAM officials informed us that the data was requested from GSA and was used as the official record of fleet activity. We analyzed all data that was necessary and sufficient to characterize the DOL passenger fleet.

The primary manipulations performed on the data were descriptive in nature (such as summary statistics and frequency counts). This type of analysis permitted us to effectively characterize the composition of the current fleet. We examined a number of descriptive statistics relating to the data, such as distribution of vehicles according to geographic region, frequency counts of fuel capabilities and average number of miles driven per month, and summary information regarding vehicle lease cost.

In addition, we utilized the data to derive estimates of cost savings based on reducing the size of the motor vehicle fleet. The calculations to compute cost savings are described in detail in the body of the evaluation. All information required to replicate this analysis may be obtained from the Office of Inspector General, Office of Communications, Inspections, and Evaluations, Division of Program Evaluations.

Qualitative Methods

As part of our evaluation, we interviewed 12 of 15 DOL agency fleet managers. Also, we interviewed officials from OASAM's Business Operations Center, the Departments of Interior and Energy, as well as officials from the General Services Administration's Division of Vehicle Fleet Policy and Division of Vehicle Acquisition. In addition, we conducted phone interviews with a number of randomly selected regional fleet managers, who represented a cross-section of DOL agencies and regions.

We conducted our review in accordance with the *Quality Standards for Inspections* published by the President's Council on Integrity and Efficiency.

FINDINGS AND RECOMMENDATIONS

FINDING A: DOL Needs to Implement Strategies that will Reduce Motor Vehicle Petroleum Fuel Consumption

The Department of Labor (DOL) needs to develop a strategy that will emphasize improved fuel efficiency and greater use of alternative fuel vehicles and alternative fuels. This strategy should conform to the requirements set forth in Executive Order 13149 (E.O.13149) directing federal agencies to reduce petroleum fuel consumption by 20 percent by fiscal year (FY) 2005. Further, additional administrative oversight is needed to ensure continued compliance with reductions in petroleum fuel consumption within DOL's motor vehicle fleet.

Executive Order 13149

On April 21, 2000, Executive Order 13149, Greening the Government through Federal Fleet and Transportation Efficiency, was enacted. The purpose of the order is to ensure that the federal government exercises leadership in the reduction of petroleum consumption through improvements in fleet fuel efficiency and the use of alternative fuel vehicles (AFVs) and alternative fuels. Reduced petroleum use and the displacement of petroleum by alternative fuels will help promote markets for more alternative fuels and fuel efficient vehicles, encourage new technologies, enhance the United States' energy self-sufficiency and security, and ensure a healthier environment through the reduction of greenhouse gases and other pollutants in the atmosphere.

Agencies have numerous options for developing a strategy to meet the petroleum reduction levels established in the order. Measures include: the use of alternative fuels in light, medium, and heavy-duty vehicles; the acquisition of vehicles with higher fuel economy, including hybrid vehicles; the substitution of cars for light trucks; an increase in vehicle load factors; a decrease in vehicle miles traveled; and a decrease in fleet size. Agencies should have a strategy that includes most, if not all, of these measures, but should develop a strategy that fits its unique fleet configuration and mission requirements. Where feasible, agencies should also consider procurement of innovative vehicles, such as hybrid electric vehicles, capable of large improvements in fuel economy. Agencies should also attempt to minimize costs in achieving the objectives of the order. Although agencies are allowed flexibility in selecting the methods used to reach the petroleum-reduction goal, each strategy must consider the following:

- (a) AFV acquisition and use of Alternative Fuels (AFs). Each agency must fulfill the acquisition requirements for AFVs established by section 303 of the Energy Policy Act of 1992. Agencies shall use alternative fuels to meet a majority of the fuel requirements of those motor vehicles by the end of FY 2005; and
- (b) Acquisition of Higher Fuel Economy Vehicles. Agencies shall increase the average Environmental Protection Agency (EPA) fuel economy rating of

passenger cars and light trucks acquired by at least 1 mile per gallon (mpg) by the end of FY 2002 and at least 3 mpg by the end of FY 2005 compared to FY 1999 acquisitions.

Each agency operating 20 or more motor vehicles within the United States shall reduce its entire vehicle fleet's annual petroleum consumption by at least 20 percent by the end of FY 2005, compared with FY 1999 petroleum consumption levels.

DOE is responsible for reviewing and evaluating agency strategies. Additionally, it is responsible for issuing guidance to agencies on preparation and submission of agency strategies and the collection and annual reporting of data to demonstrate compliance with this order.

DOE Rejected DOL's Petroleum Consumption Reduction (Compliance) Strategy

In October 2000, OASAM submitted DOL's compliance strategy for reducing petroleum consumption. DOE rejected DOL's petroleum consumption reduction strategy because the strategy lacked specific action items to achieve stated goals. In order to gain approval from DOE, OASAM needs to revise its compliance strategy to include specific action items that will contribute to reductions in petroleum consumption. Further, in crafting an improved strategy, DOL would benefit from following the sample guidance provided by DOE. Additionally, DOL should review plans approved by DOE to identify best practices and common barriers to compliance.

DOL's Compliance Strategy

DOL's compliance strategy should emphasize improved fuel efficiency and greater use of alternative fuel vehicles and alternative fuels.

1. DOL Needs to Acquire More Fuel Efficient Vehicles

DOL could substantially meet petroleum reduction targets by acquiring motor vehicles with higher fuel efficiency ratings. To this end, OASAM should develop a strategy for increasing the percentage of "fuel economy leaders" in popular vehicle classes in the DOL motor vehicle fleet.

Our analysis found that a total of 298 vehicles in the passenger fleet are "fuel economy leaders." This represents only 8.3% of the entire fleet. In addition, the most efficient vehicles are either pickups or vans. Included among these are: 32 Ford Astro vans, 216 Chevy Caravans, 15 Ford Rangers, and 28 Chevy S-10 pickups. No passenger vehicles met the fuel economy criteria, with one possible caveat. The Plymouth Breeze is listed as a fuel efficiency leader, but only in the case of *manual transmission* vehicles. The DOL fleet includes 326 Plymouth Breezes, but our data does not include information on transmission types. However, even assuming that all these vehicles possess manual transmissions, only 17.3% of the fleet can be classified as highly fuel-efficient.

According to both the GSA and DOE, acquiring vehicles with higher fuel efficiency ratings is an excellent strategy to help achieve the goals of E.O. 13149. DOL proposed to reduce petroleum-based product consumption by obtaining more fuel-efficient vehicles and disposing of less fuel-efficient vehicles, but no specific plan was developed to accomplish these goals. DOL's plan did not identify which vehicles they consider to be in line for replacement based on the level of their current fuel efficiency.

Each year, DOE publishes the *Model Year Fuel Economy Guide*. This document categorizes vehicles by make, model, transmission and engine, providing the average fuel economy for each vehicle. In addition, the guide highlights the "fuel economy leaders" in each of the vehicle classes for each year.

2. DOL Needs to Develop a Strategy That Will Increase the Use of Alternative Fuel Vehicles and Alternative Fuels

Over the past five years, the number of AFVs in the DOL fleet has increased substantially. However, the Energy Policy Act of 1992 requires that 75% of new vehicle acquisitions (beginning in FY 2000) be comprised of AFVs, and E.O. 13149 requires that by FY 2005, a majority of the fuel consumed by AFVs be in the form of alternative fuel. To meet these targets, DOL needs to increase the acquisition and usage of AFVs. Additionally, DOL should improve education efforts regarding AFVs and the use of alternative fuels.

As part of its compliance strategy, DOL stated it would increase the use of AFVs and AFs by:

- a) continuing to acquire AFVs as replacement vehicles,
- b) identifying alternative fuel sources within the existing infrastructure,
- c) realigning AFVs to areas that have an existing AFV infrastructure, and
- d) installing AFV refueling equipment.

However, the specific strategies to achieve these goals were not detailed in DOL's compliance plan rejected by DOE.

AFV acquisition needs

DOL's compliance strategy did not provide specific target numbers for AFV replacements, which must be included in the compliance plan for DOE approval. In order to adequately identify the targets of its AFV acquisition, DOL should systematically analyze its AFV acquisition capability including incremental cost to budget, DOL program agency needs, and vehicle availability.

Currently, the DOL passenger fleet contains 454 AFVs, which corresponds to 12.6% of the total passenger fleet. Over the past five years, the proportion of AFVs in the DOL motor vehicle fleet has increased substantially. Among the 334 fleet vehicles of a 1997 model year, only 14 (4.2%) are AFVs. However, among 2001 model year vehicles, there

are 132 AFVs in the fleet (17.9%). Based on this, OASAM has made a substantial effort toward acquiring AFVs for the passenger fleet. However, this acquisition still falls significantly short of the 75% goal.

Current AFVs are underutilized

Currently, many of the AFVs in the passenger fleet are underutilized. Seventy-five AFVs in the vehicle fleet are driven less than 300 miles per month, representing 16.5% of all AFVs in the fleet. Further, of the 454 AFVs in the passenger fleet, 239 (52.6%) are driven less than 1,000 miles per month. While no standards exist to determine specific underutilization, based on the GSA rule-of-thumb of 800-1,000 miles per month, we found a disproportionate number of AFVs are underutilized.

Tracking of alternative fuel usage in dual fuel vehicles

Use of AFs in Dual Fuel vehicles (vehicles that can run on both petroleum and various alternative fuels) is not tracked. GSA usually compiles fuel consumption data through the use of fleet vehicle fuel credit cards. However, the data collected indicates the cost and amount of fuel used and not whether the fuel was petroleum or alternative. GSA is in the process of addressing the problems with fuel card data. Until GSA addresses the problem, agencies should track information on the type of fuel used in dual fuel vehicles at every fueling. DOL should implement a tracking system to ensure that AFs are used in Dual Fuel vehicles, where available.

The fueling and service infrastructure for AFVs is limited

DOL, GSA and DOE all agree that a limited AFV infrastructure exists nationally. Nevertheless, GSA and DOE maintain that federal fleet managers are not thoroughly scanning the existing AFV infrastructure to identify resources that may be readily available in both the public and government sectors. OASAM, to its credit, has identified some AFV refueling and service points. However, OASAM's identification of AFV refueling and service points is not systematic and recurrent in nature.

Distribution of AFVs in the fleet is also problematic. Currently, 243 DOL fleet vehicles are located in cities (or metropolitan areas) with alternative fuel refilling stations. However, of these 243 fleet vehicles, only 54 are AFVs. In fact, only 11.9% of the AFVs in the DOL motor vehicle fleet are located in cities where they can be fueled with alternative fuel.

Given this disparity DOL should thoroughly analyze the possibility of realigning AFVs to areas that have an infrastructure already in place. For example, the State Department focused its strategy on its largest covered fleet in the Washington, D.C. area. The local infrastructure for AFVs includes a readily available supply of compressed natural gas, ethanol, and bio-diesel fuels. While the composition of each agency fleet is unique, DOL's compliance strategy needs to identify innovative and practical approaches similar to those used by other agencies that have been approved by DOE.

In addition to realigning AFVs to areas that have an infrastructure already in place, DOL should consider installing AFV refueling equipment. Further, DOL may choose to enter into a Memorandum of Understanding or contract with any entity that could install or make available AFV refueling equipment. According to OASAM officials, no discussion has taken place to determine the structural or budgetary feasibility of installing AFV refueling equipment. As a guide, DOL may utilize the Department of Defense and the Environmental Protection Agency's compliance strategies that specifically addressed investing in AFV infrastructure for reducing motor vehicle petroleum fuel consumption.

Additional Administrative Oversight of DOL's Vehicle Fleet is Needed

While OASAM is fulfilling some of its oversight responsibilities, there are additional steps that can be taken to strengthen the fleet management program. OASAM needs to: (1) monitor vehicle acquisitions to ensure compliance with overall DOL motor vehicle petroleum fuel consumption strategy, (2) monitor on a regular basis agencies progress towards meeting vehicle mileage utilization standards, and (3) provide additional education and training to DOL agency fleet managers and those responsible for fleet vehicles.

1. Oversight of Vehicle Acquisitions

Currently, DOL components vested with oversight responsibility for vehicle acquisitions, including AFVs, are fragmented among the various DOL agencies. DOL agency administrators and regional fleet manager acquire vehicles directly from GSA with little or no guidance from OASAM. As a result OASAM has no system to determine whether the acquisitions match DOL's fuel consumption reduction plan.

There are two areas where increased oversight of vehicle acquisitions will have a significant impact on improving overall fleet management. First, increased oversight over the fuel efficiency of vehicles DOL agencies acquire (including AFVs) will ensure replacement vehicles match DOL's strategy to reduce petroleum consumption and increase fuel efficiency. Second, increased vehicle acquisition oversight needs to be an integral part of an agencies' compliance strategy for E.O. 13149, according to DOE.

Other federal agencies, with compliance plans that have been approved by DOE, have implemented heightened oversight responsibilities to fleet managers. For example the Department of State's compliance strategy assigned increased oversight to the agency components that would ensure "fleet managers will be 'held accountable' for meeting..." the goals of their AFV acquisitions and efficient fleet management. DOL needs to implement a coordinated oversight function that will ensure agencies' vehicle acquisitions comport with DOL's compliance strategy.

OASAM has not systematically consulted with agency officials about the most effective methods to meet the requirements of E.O. 13149. OASAM officials point out that DOE has not approved the DOL compliance strategy for E.O. 13149 and until approval is

granted they cannot give guidance to agencies concerning compliance. However, OASAM should encourage agencies to demonstrate their compliance with the general mandates of E.O. 13149.

2. Meeting Vehicle Utilization Mileage Standards

OASAM is responsible for managing and accounting for government owned or leased vehicles and ensuring that fleet management policies and procedure are consistent with good management principles and current regulatory requirements. To ensure that DOL's vehicle fleet meets their vehicle utilization efficiency goals, it is imperative that OASAM increase the level of oversight provided to DOL agencies.

Currently, agency administrative officers are provided updates and directives pertaining to fleet management from OASAM; however, there is no follow up to monitor compliance. There is no assurance that the oversight provided by the administrative officers is the most efficient and effective means of achieving the overall goal of uniform fleet governance. As a remedy, OASAM needs to develop guidelines and goals for agency administrators regarding fleet management oversight.

3. Fleet Management Education

OASAM can be more proactive in educating agency fleet managers on effective fleet management principles. Agency fleet managers and those responsible for fleet vehicles rely on training from GSA on the basics of fleet management and periodic fleet policy directives from OASAM to stay current on fleet management issues. Currently, any education or training that is provided by OASAM is informal and infrequent. OASAM officials confirmed that their primary role in educating agency fleet managers is disseminating fleet policy directives and issuing an annual report on fleet usage. However, OASAM should provide agency fleet managers and those responsible for fleet vehicles with a comprehensive education program that outlines principles of effective fleet management. We believe that a more proactive approach to educating fleet managers about effective fleet management will only enhance DOL's oversight of the vehicle fleet.

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RECOMMENDATIONS

We recommend that OASAM:

- 1) Develop, implement and monitor an improved compliance strategy in order to meet the requirements of Executive Order 13149 within the prescribed time frames. DOL should follow the sample guidance provided by DOE and review plans approved by DOE to identify best practices and common barriers to compliance. We recommend a strategy that specifically emphasizes the three-pronged approach to reducing fuel consumption, in this order:
 - 1. Better utilization of existing fleet.**
 - 2. More emphasis on the use of fuel-efficient vehicles.**
 - 3. Increase the use of Alternative Fuel Vehicles and Alternative Fuels.****
- 2) Develop and implement a specific action plan to replace the least fuel-efficient vehicles in the DOL passenger fleet with DOE/EPA “fuel economy leaders.”**
- 3) Develop and implement a plan for additional purchase of AFVs in those regions where AFs are available.**
- 4) Realign AFVs to areas that have existing infrastructure.**
- 5) Implement a specific action plan for installing AFV refueling equipment or obtaining access to AFV fueling points.**
- 6) Implement a tracking system to monitor the use of alternative fuels in Dual Fuel vehicles.**
- 7) Develop and implement a comprehensive education program that emphasizes the benefits of AFVs, AF use and principles of effective fleet management.**
- 8) Develop and implement a coordinated oversight function that will ensure agencies’ acquisition request comport with DOL’s compliance strategy.**

FINDING B: DOL's Motor Vehicle Fleet Can Be Utilized More Efficiently

A majority of DOL's motor vehicle fleet is driven less than 800 miles per month creating unnecessary costs for DOL. We calculated that DOL could recognize cost savings of up to \$2.5 million annually by eliminating underutilized vehicles from the existing motor vehicle fleet.

DOL's motor vehicle fleet is comprised of over 4,000 vehicles; 3,600 of these are light-duty passenger vehicles. With a nationwide fleet of this size, managing with efficiency has direct consequences on the costs associated with operating the fleet. DOL should develop a plan for reducing the size of the fleet through removal of the least efficiently utilized vehicles.

General Fleet Characteristics

The 4,019 vehicles that make up DOL's motor fleet include both heavy-duty and light-duty vehicles. Included in the heavy-duty classification are buses, heavy machinery such as dump trucks, and other vehicles such as refrigerated trucks and heavy-duty moving trucks. These vehicles were excluded from our analysis.

The light-duty vehicles include all passenger sedans, sport/utility vehicles, pickups, and passenger vans. These vehicles are utilized in day-to-day operations of DOL. The number of these vehicles in the fleet is 3,609; this was the number of vehicles used in the bulk of our analysis.

MSHA and ETA lease and operate the greatest number of vehicles. Nationwide, MSHA operates 1,183 vehicles; this represents 32.8% of the entire passenger fleet. ETA operates 932 vehicles (25.8%); OSHA maintains 359 (9.9%); DOL controls 299 vehicles (8.3%), and Federal contractors or private subcontractors operate 291 vehicles (8.1%). These five agencies/entities maintain 85% of the vehicles leased by the Department.

According to vehicle type, the fleet is composed of 1,575 sedans (44.0%), 953 vans (26.6%), 714 sport/utility vehicles (19.9%), and 338 pickups (9.4%). Additionally, 454 vehicles in the fleet (12.6%) are classified as AFVs. Among AFVs, 431 are ethanol/unleaded vehicles and 23 are compressed natural gas/unleaded vehicles.

Utilization of Motor Vehicle Fleet

While the characteristics of the motor vehicle fleet discussed above assist in demonstrating the diversity of the overall fleet, our analysis focused on the efficiency of fleet utilization. This area encompasses two issues. First, how are the vehicles in the passenger fleet utilized (based on the number of miles driven)? Second, when comparing vehicle costs to the number of miles driven, are vehicles in the fleet cost effective?

GSA does not require vehicles to be driven a minimum number of miles per month. However, interviews with GSA officials indicated that 800-1,000 miles per month is generally accepted as full utilization of a vehicle. This would translate to 9,000-12,000 miles per year. As shown in the following table, approximately 52 percent (or 1,877 vehicles) of the DOL motor vehicle fleet is driven less than 800 miles per month.

Table 1.

Department of Labor		
<u>Average Miles Driven per Month</u>	# Vehicles	Yearly Savings (Based on reported data)
200 miles or less	425	\$943,848.12
201 - 300 miles	180	\$330,375.55
301 - 400 miles	196	\$280,220.70
401 - 500 miles	262	\$303,387.89
501 - 600 miles	267	\$263,258.26
601 - 700 miles	301	\$253,022.32
701 - 800 miles	246	\$148,083.54
Total	1,877	\$2,522,196.38

As shown by the table above, 547 vehicles (or 15.2%) are driven at least 601 miles per month. These vehicles may be underutilized depending on the purpose for which they are used. For example, a passenger sedan could possibly be classified as underutilized at 600 miles per month, whereas a cargo van may be fully utilized at the same mileage. An additional 529 vehicles are used between 401-600 miles per month; this represents 14.7%.

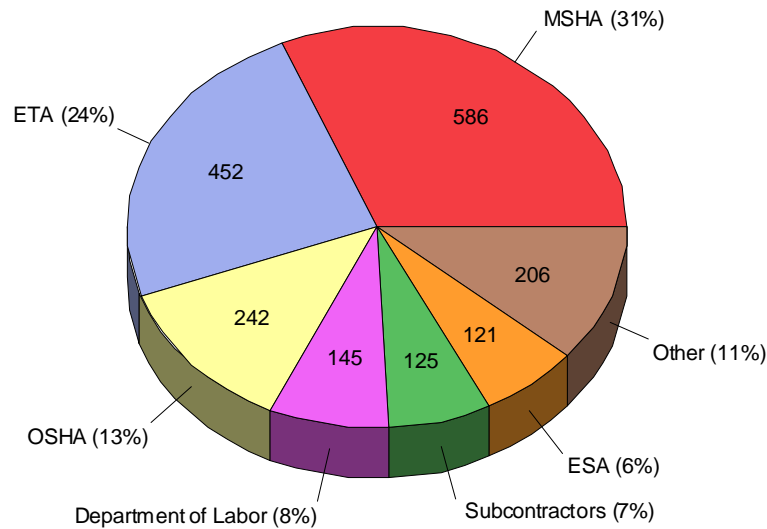
Of the remaining vehicles, 376 (10.4%) are used between 201 and 400 miles per month. The least utilized vehicles, those driven fewer than 200 miles per month, number 425. Of this 425, the average number of miles driven per month is 110.32. Additionally, sedans comprise 45.6% (188 vehicles) of the most underutilized; sport/utility vehicles (22) make up 5.3%, while vans (92) and pickups (110) comprise 22.3% and 26.7% respectively.

Overall, eliminating those vehicles driven 800 miles or less would produce a yearly savings for the Department of up to \$2.5 million. We must note that this is most likely a conservative estimate given the omission of fuel and maintenance costs. Additionally, we considered the costs that would be incurred by the Department should a vehicle be

eliminated, thereby requiring the use of a privately owned vehicle (POV) (at the rate of 34.4 cent per mile). The analysis compared these costs to the average number of miles per month each vehicle is driven. Assuming a vehicle was removed from the fleet, a cost savings per month can be computed by subtracting the POV costs from the overall costs.

The following chart depicts the 1,877 underutilized vehicles by DOL Agency. As shown, approximately 31% of the underutilized vehicles are located in MSHA; 24% in ETA; 13% in OSHA; 6% in ESA; with the remaining 26% distributed throughout other components within DOL.

Underutilized Vehicles by Agency



According to DLMS 2-1564, DOL agencies should terminate vehicles when they are driven less than the “average miles driven (AMD)” standard for the vehicle class in a respective Region, unless other significant factors justify retention. AMD is calculated by dividing the total number of miles driven by all of a given class of vehicles within a region during a three-month reporting period, by the total number of vehicles of a given class assigned to a region. However, neither GSA nor OASAM collects the quarterly information required for AMD calculation. As a proxy measure, we utilized the average monthly miles driven for the entire class of vehicles. For example, in GSA Region 10 we examined all vehicles classified as sedans. The average monthly miles driven were 810.44.

As illustrated by Table 2, in GSA Region 10 we examined 43 vehicles classified as sedans; 20 vehicles (46.5%) were driven less than the proxy AMD standard for the vehicle class in the region. Further, we have found no evidence that OASAM has efficiently terminated vehicles using this standard.

Table 2.

DOL Region 10
Forty-Three Total Passenger Sedans and Compacts

<u>Average Miles Driven per Month</u>	# Vehicles
200 miles or less	4
201 - 300 miles	1
301 - 400 miles	3
401 - 500 miles	2
501 - 600 miles	5
601 - 700 miles	3
701 - 800 miles	2
Total	20

Summary

Based on this cost effectiveness analysis, reductions in the size of the DOL motor vehicle fleet would reap significant cost savings for the Department. However, as noted previously, this analysis does not account for intangible aspects of utilization such as the tasks performed by vehicles. Taking these factors into consideration may change a vehicle's categorization as "underutilized." Nevertheless, some reduction in fleet size seems warranted based on this analysis.

Additionally, such a reduction would promote the full utilization of the remaining vehicles. Finally, reducing the size of the fleet would make a significant difference in DOL's ability to reach the 20% petroleum use reduction by FY 2005 as mandated by E.O. 13149.

DOL has outlined the necessary steps they need to take to utilize the vehicle fleet more efficiently. DOL proposed to match mission requirements to the most efficient vehicle types by aligning mission requirements, staffing levels, and operating locations to the number and type of vehicles authorized and employed by the agency. Missing from DOL's approach was a utilization assessment that would provide a snapshot of the current state of the fleet and would help fleet managers identify opportunities to streamline fleet size and composition. In order to realize any cost and fuel savings, DOL needs to implement a strategy that will achieve matches between the most efficient vehicle type and a specific DOL mission. This type of specific analysis needs to be conducted before DOL can move from the development stages of their strategy to actual implementation.

RECOMMENDATION

- 9) DOL should develop and implement a specific action plan to reduce the size of the existing fleet, based on utilization figures.**

OASAM's Response and OIG Conclusions

The purpose of our recommendations is to improve the utilization, effectiveness and oversight of DOL's motor vehicle fleet.

OASAM's Response:

OASAM and DOL agencies agree:

"[T]hat most of the recommendations are workable, given some practical limitations and mission requirements.

"Recommendations offered in the draft report and requirements of the EO will be used as the basis to develop individual agency strategic plans. These plans will outline long and short-range methods to achieve the fuel reduction targets while considering unique agency specific fleet usage requirements. We will also work with the agencies to develop strategies for more efficient use of the DOL fleet.

"Agency strategic plans will be incorporated into an overall Departmental strategic plan that will be submitted to the Department of Energy (DOE) for approval. Upon submission, agencies will implement their respective elements of the plan OASAM will provide Departmental oversight and educate fleet managers on effective policies and practices."

OIG's Conclusion

We consider these recommendations resolved. The recommendations will be closed upon receipt of the following:

- A draft copy of DOL's strategic energy plan, for comment, as soon as it is available, but before it is submitted to DOE.
- A copy of a specific action plan detailing how DOL will reduce petroleum fuel consumption by 20% by 2005 as mandated by Executive Order 13149. Please provide a copy of the specific action plan no later than July 31, 2002.
- A copy of a specific action plan detailing how DOL will realign current fleet AFVs and purchase additional AFVs in regions where AFs are available. Please provide a copy of the specific action plan no later than July 31, 2002.
- A copy of a specific action plan detailing how DOL will install or obtain access to AFV refueling equipment and fueling points. Please provide a copy of the specific action plan no later than July 31, 2002.

- A status report detailing the progress DOL is making in implementing a tracking system to monitor the use of alternative fuels if Dual Fuel vehicles. Please provide a copy of the status report no later than May 31, 2002.
- Information pertaining to the training and education provided to fleet managers, including: a copy of any training materials, the date of proposed implementation, and information on how OASAM will ensure that appropriate personnel are covered in the training. The documentation should be provided as soon as the training is prepared, but no later than May 31, 2002.
- A copy of a specific action plan detailing how DOL will develop and implement a coordinated oversight function that will ensure agencies' acquisition request comport with DOL's strategic energy plan. Please provide a copy of the specific action plan no later than August 31, 2002.

APPENDIX
Agency Response

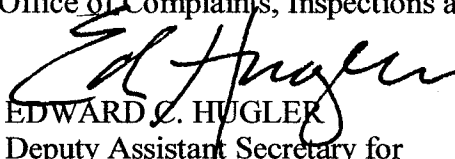


FEB 08 2002

MEMORANDUM FOR WILLIAM H. PICKLE

Assistant Inspector General
Office of Complaints, Inspections and Evaluations

FROM:


EDWARD C. HUGLER
Deputy Assistant Secretary for
Administration and Management

SUBJECT:

Response to the Evaluation of the Department of Labor's
Fleet Management Program – Report No. 2E-07-711-0001

This memorandum is in response to your draft evaluation report, dated January 9, 2002, reviewing the Departmental Fleet Management Program, as requested by Patrick Pizzella, Assistant Secretary for Administration and Management. We appreciate the draft report's thoroughness and practical perspective.

We met with your staff on January 3, 2002, to discuss the OIG's preliminary draft findings and recommendations. Subsequently, we shared the January 9 draft report with Department of Labor (DOL) agency officials and afforded them an opportunity to review and comment. Agencies indicated that most of the recommendations are workable, given some practical limitations and mission requirements.

As outlined in your draft report, Executive Order (EO) 13149 directs federal agencies to reduce petroleum fuel consumption by 20% by fiscal year (FY) 2005, through improvements in overall fleet fuel efficiency and the use of alternative fuel vehicles (AFVs) and alternative fuels (AFs). Recommendations offered in the draft report and requirements of the EO will be used as the basis to develop individual agency strategic plans. These plans will outline long and short-range methods to achieve the fuel reduction targets while considering unique agency specific fleet usage requirements. We will also work with the agencies to develop strategies for more efficient use of the DOL fleet.

Agency strategic plans will be incorporated into an overall Departmental strategic plan that will be submitted to the Department of Energy (DOE) for approval. Upon submission, agencies will implement their respective elements of the plan. OASAM will provide Departmental oversight and educate fleet managers on effective policies and practices.

If you have further questions regarding this matter, contact Linda Hunt at 693-7272 or email hunt-linda@dol.gov.

cc: Patrick Pizzella, Assistant Secretary for Administration and Management