



## **CASESTUDY**

# **New Fleet Management Program Saves Municipality Six Figures Annually**

City of Saint John Fleet Services Division uses key cabinets and fleet management software to support a new, cost-effective pooled fleet

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## Introduction

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In 2016, the City of Saint John, New Brunswick, wanted to do something about its oversized vehicle fleet. This city on Canada's Atlantic coast suspected its fleet was too large and could be run more cost-effectively. But because so many of the City's vehicles were not tracked or managed centrally, they didn't have enough data to make informed decisions.

The City had utility trucks, vans, and passenger vehicles spread across many departments throughout the region. Some vehicles were wearing down more quickly due to unexpected heavy use, while others sat idle and were only driven infrequently.

But the City of Saint John was able to transform how they managed their vehicle fleet in a very short amount of time, resulting in a first year's savings of over \$185,000 and a recurring annual savings of \$155,000 thanks to careful analysis and the implementation of a KeyTracer fleet management solution from Real Time Networks. They were able to shift to a pooled fleet of passenger vehicles which streamlined how departments throughout the City used vehicles.

How did they achieve this result so quickly? And how exactly did they use a fleet key management system to such an astounding effect? This case study explores how the Fleet Services Division of Saint John achieved these impressive results.



# Initial Concerns

In 2016 the City of Saint John knew it was underutilizing its fleet. They could tell that vehicle expenditures were not evenly distributed across all departments, but they didn't have the data to account for exactly who utilized every vehicle at which rates.

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**The City set out to fix this problem. They started by identifying the major issues in fleet use. They came up with three:**

**1**

## **Departments worked in silos**

The City recognized this was their greatest challenge. Some city departments had overutilized vehicles, others very underutilized. And most significantly, no monitoring mechanism existed to promote sharing, so this status quo was difficult to change.

**2**

## **Indifferent Operators**

Many vehicle operators knew the City did not track their cars and trucks. As a result, they were lax with caring for their vehicles and keeping them on proper maintenance schedules. That led to unnecessary repair and cleaning costs and shortened vehicle lifecycles.

**3**

## **Older Vehicles**

The City's budget for its fleet required recouping costs by selling vehicles after a certain number of years. If drivers did not maintain vehicles properly, resale values might not hit their desired targets. Since the City lacked any detailed insight into vehicle use, there often was no way to determine whether that would happen until a driver brought a car or truck in to be decommissioned.



# Analyzing Vehicle Usage

The City tasked its Operations Manager, Kevin Loughery, to investigate their fleet utilization and recommend changes. Initially, the City looked at their entire fleet, but they reduced that scope to **207** vehicles. The other vehicles were deemed too specialized and necessary and, therefore, unsuitable for downsizing or pooling.



The City's analysis revealed that the annual maintenance cost for these vehicles was about **\$775,000**. One hundred forty-five of those vehicles incurred an additional **\$870,000** in amortized costs for a total cost of about **\$9,800** per vehicle per year.

They found that their sedans—the “people movers” of the city’s fleet—were the least driven, only approximately **8,000 miles (13,000 km)** per year each. They were also surprised to find that some sedans were only used for a single appointment per day and nothing else.

Further investigation revealed that **33** of these vehicles were located at two major hubs: one at City Hall and the other a major satellite lot on Rothesay Avenue. These vehicles cost the City approximately **\$323,000** per year to operate. It seemed very doable for the City to adjust how City employees used these vehicles by switching to a pooled fleet directly under the control of the Fleet Services Division.



# Presenting a Plan

While their analyses had revealed many opportunities for improvement, fixing this problem would require a significant change in the City's processes. Loughery set out to design a plan to present to his senior leadership.

Early in this planning phase, he realized that he could use control over vehicle keys as part of his new management process. For example, within the workflow of a driver using a City vehicle, they could use a key sign-in/sign-out step as an opportunity to collect valuable data. As Loughery said, "as a fleet manager, keys are our biggest headache. [KeyTracer] gives us data, and data is power."

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## With that principle in mind, Loughery assembled a five-step proposal for senior leadership:

1. Purchase a key management system with a vehicle request and scheduling system.
2. Integrate the scheduling system into city department workflows.
3. Review vehicles to determine which should be included in the pool.
4. Develop Standard Operating Procedures for drivers to use pooled vehicles.
5. Development of formula to allocate pooled vehicle costs to different city departments.

Leadership quickly accepted the proposal.



***"As a fleet manager, keys are our biggest headache. KeyTracer gives us data, and data is power."***

— Kevin Loughery





# Implementing a **Solution**



The first step was acquiring a fleet key management system and developing the policies and workflows he would need surrounding its use. The City reached out to Real Time Networks to acquire a KeyTracer system with a fleet management software module. The KeyTracer system and software gave it all the necessary tools to control key access and manage vehicle reservations for a pool of shared vehicles. When it arrived, the Fleet Services Division created user profiles for everyone in the city government who needed access to the pooled fleet.

Next, the Fleet Services Division needed to develop new Standard Operating Procedures for using the key system. Under their pooled fleet model, Loughery proposed eight different policies and procedures to ensure this plan would work.



1

## **Pooled Vehicles**

First and foremost, the Fleet Services Division laid out the financial model for the pooled fleet so city departments understood what it would cost. The Division would charge back user departments based on their employees' mileage on vehicles each month. Vehicles would also be rotated within the fleet to evenly distribute use, which would help them meet utilization targets.

2

## **Authorized Drivers**

To ensure no liability concerns, they only added users to the key reservation system after verifying their employment status and appropriate driver's license status to the City's human resources department.

3

## **Authorized Passengers**

To further limit liability, they also placed restrictions on who could be a passenger in a Fleet Services vehicle. For example, only city employees or with a direct business relationship with the City could ride in fleet vehicles.

4

## **Reservations**

One of the most important policies they put in place limited users to a 12 hour or less sign-out period. Limiting sign-outs to half a day meant Fleet Services could ensure a vehicle was always available when a city worker needed it.

5

## **Vehicle Availability**

Because all vehicle use needed to be scheduled, the Fleet Services Division would know in advance if vehicle demand would exceed the size of one of their two pooled fleets. In those instances, a vehicle could be pulled from a different location or an additional vehicle could be rented when needed.



6

## Release of Pooled Vehicle

The Fleet Services Division also published a Standard Operating Procedure (SOP) for using the KeyTracer cabinets to sign out keys. This SOP formed the basis of their training program for the different city departments that would use the fleet.

7

## Inspection Forms and Drop-off Requirements

They included SOPs for pre- and post-trip vehicle use. For example, drivers needed to inspect vehicles for damage and maintenance issues, remove their personal materials for the next driver, fill the gas tank at least half full, and park in the designated spot with the vehicle's number.

8

## Vehicle Appearance, Maintenance, and Mechanical Repairs

Lastly, the Fleet Services Division detailed its own SOP for vehicle maintenance, so drivers knew what fleet management was accountable for. The Division would conduct periodic exterior cleaning, regular interior cleaning, and repairs to body and paint when needed. They would also perform vehicle maintenance on a set schedule—a task made much easier thanks to the KeyTracer reservation system. They would also provide each pooled vehicle with appropriate tires for road and weather conditions and an emergency kit.

With these procedures in place, it was time to bring the pool of 33 passenger vehicles under the control of the Fleet Services Division. Based on the City's earlier analyses, Loughery recommended that the City reduce its set of 33 people mover vehicles at its two central locations to 22 under a new pooled fleet model.





The Fleet Services Division pulled every vehicle into fleet garages and performed a thorough inspection following a checklist they developed to investigate maintenance concerns identified during their cost analysis. They selected 22 vehicles from the set of 33 to become the new pooled fleet. Those 22 were then moved to two specific parking locations designated with new signage for the fleet pools. The remaining 11 were prepped for auction.

## Managing **User Objections**

Throughout the process of reviewing, analyzing and proposing changes to how the City managed its vehicle fleet, the project encountered a wide variety of objections by city employees who used the vehicles. Many had grown accustomed to having their own city car; it was seen as a perk of the job. Other users were just resistant to change.



***"Users were concerned about always having to carry their tools and equipment back to their offices, so we gave them access to lockers close to the [KeyTracer] system"***

In all instances, the key to handling user objections involved a combination of policy, communication, and education, according to Operations Manager Loughery. To prepare for the major change they were imposing on vehicle use, the Fleet Services Division identified nine significant user concerns among the many that were raised and put measures in place to respond to each.

1

***"I need a vehicle every day."***

To overcome this objection, Loughery and his team made sure the pooled system was designed so that users had a vehicle available every day that they needed one. The scheduling tools in the KeyTracer system allowed users to reserve vehicles as often as necessary and book them as far in advance as needed. As long as users provided 24-hour notice of the booking, the Fleet Services Division was able to guarantee a vehicle would be available. And since they would now be reserving from a pool, drivers were gaining access to many different cars and trucks that were not available to them before. Before, they only had access to one vehicle: their own.



***"The scheduling tools in the KeyTracer system allowed users to reserve vehicles as often as necessary and book them as far in advance as needed."***



2

***“I don’t have time to reserve a vehicle.”***

One incorrect concern the Fleet Services Division often heard in the run-up to this project rollout was that users felt that reserving a vehicle would require multiple emails and days of advance notice. So, the Division made sure to select a key management system that offered online reservation capability around the clock. They even had the City’s IT department add a shortcut to the scheduling system to every user’s desktop. They also implemented an emergency grab-and-go feature for genuine emergency requests.

3

***“I need a vehicle after hours.”***

The Fleet Services Division knew many city personnel needed off-hours access to vehicles, including over weekends and on holidays. The automated KeyTracer system allowed city personnel to conduct secure, unattended transactions anytime. The system recorded every key transaction for accountability.

4

***“We don’t have enough vehicles as it is.”***

Some users were concerned that shrinking the fleet of 33 passenger vehicles to a pool of 22 would cause conflicts. But by breaking down silos and pooling vehicles across departments, the Fleet Services Division was better able to move vehicles around as demand fluctuated.

5

***“What about fueling?”***

The Fleet Services Division uses their pre- and post-use inspection forms to remind drivers that vehicle gas tanks need to be returned at half full. That ensures the next driver can safely make their appointment in the city without having to worry about stopping at a gas station on the way.



6

***“Having my own vehicle is a perk.”***

Some of the most vocal critics of the pooled fleet model were city personnel who had grown accustomed to having a city-provided vehicle of their own. They saw it as a bonus benefit on top of their wages. Loughery countered that view by asking, “Is it really?” They may have their own car, but they also had their own maintenance and servicing demands. Under the pooled model, “all the responsibilities for managing, cleaning and other maintenance tasks are now covered by the fleet pool manager, not the vehicle’s assignee.” The fleet pool offered a wider variety of well-maintained newer vehicles.

7

***“I take care of my vehicle. They don’t!”***

Some drivers were concerned that their colleagues wouldn’t take proper care of a shared resource. The Fleet Services Division addressed this concern by making the division itself responsible for cleaning and maintenance duties. As Loughery explained, “When users have an issue, they write it on the pre or post-use inspection sheets and no longer have to worry.”

8

***“What about my tools or equipment?”***

“Users were concerned about always having to carry their tools and equipment back to their offices, so we gave them access to lockers close to the [KeyTracer] system,” Loughery explained. The Fleet Services Division still required drivers to remove their tools from the vehicles after each reservation, but tools were secured close by for the next time they needed them.

***“The automated KeyTracer system allowed city personnel to conduct secure, unattended transactions anytime.”***



9

### ***“How will I know which vehicle I booked?”***

The Fleet Services Division went to great lengths to ensure that they had a foolproof transaction process. First, they numbered every car and truck. Then, they arranged those vehicles sequentially in matching numbered parking spaces. Physical key tags in the KeyTracer cabinets were also numbered. So long as a driver had a reservation, there was no way they would be confused about which vehicle they signed out.

## The Impact

The impact of pooling fleet vehicles was significant and realized almost immediately. The City of Saint John reduced its fleet size and saved over \$155,000 annually by pooling its vehicles. In addition, they made a further one-time revenue of over \$30,000 through auctions of the eleven excess vehicles.

As an added benefit, using the pooled fleet model, the City expanded the number of eligible users from approximately 60 to 159. Formerly, only those individuals with assigned cars were allowed to use them. Since vehicles were now available to any city employee who verified their driver's license status, everyone could use a vehicle for official business.

## Insights

**\$155,000+**

Total annual savings

**159**Total users served  
(up from 60)**22**Total pooled vehicles  
(down from 33)

***"The City of Saint John reduced its fleet size and saved over \$155,000 annually by pooling its vehicles."***



Thanks to the City's careful analysis, they expected most of these results. However, they did see a few added unexpected benefits. Anecdotally, care of the cars actually improved in the pooled model compared to the old, dedicated vehicle model. Gas tanks were also reliably filled more than they expected.

Loughery suspected this was because drivers knew they couldn't hide even minor neglect. "They don't know who had the vehicle before them or who is going to have it after them. Users tend to show a greater amount of respect for their fellow users, bearing in mind the next user could be their boss or even the City Manager!"

The City of Saint John saved itself six figures annually and streamlined its operations. All thanks to the careful analyses, planning, and use of smart technology. The KeyTracer system gave the city the hardware and software tools they needed to run their vehicle fleet more efficiently and effectively.

## About **Real Time Networks**

Since 1989, Real Time Networks has helped organizations gain more control over their keys and assets while ensuring their people are safe and accounted for. Real-time location and tracking solutions for all industries. Our robust technology is backed by our unrivaled customer service and end-to-end support offerings.

**Want to learn how a KeyTracer system can improve your fleet management?**

Contact us today for a free consultation.





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