

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: March 13, 2013

Board Item: V-E-2

Fleet Telematics System Implementation

Contract # 14899A

Action by Consent

Action

Information

Denver Water maintains a fleet of 675 vehicles, including; 510 passenger vehicles and light-duty trucks and 165 heavy-equipment units. The Fleet Management section and all employees who drive Denver Water vehicles will benefit from a fleet telematics system that provides real-time location and other important vehicle status and performance information.

Denver Water is a member of the NJPA, a national purchasing co-op that provides competitive selection processes for many products and services, including fleet telematics systems. Based on NJPA's assessments and ranking results, Denver Water has selected Networkfleet Inc., a Verizon Company to provide a competitively priced and highly capable fleet telematics solution to meet our needs.

The fleet telematics solution provided by Networkfleet, Inc. involves the installation of GPS/diagnostic units on each of Denver Water's vehicles. These units provide continuous GPS location mapping, rate of speed and idle time reporting, as well as real-time engine diagnostics information allowing for just-in-time repairs for each vehicle. In addition to robust retrospective reporting capabilities, the fleet telematics system can be easily configured to send automated emails or text messages to supervisors when vehicles are speeding or idling excessively (in violation of Denver Water's Vehicle Usage policy). Additionally, integration between the Networkfleet telematics system and the upgraded Denver Water fleet management system planned for 2014 will enable automatic generation of work orders for vehicle repairs and urgent vehicle maintenance activities.

In 2012, a three month pilot program using the Networkfleet telematics system was conducted with twenty randomly selected Denver Water vehicles. The results of the pilot program showed that tracking of idle time and speed had the effect of significantly reducing fuel consumption. Automatic and real-time notifications of trouble codes allowed for at least one vehicle to be called in for repair - before failure occurred. The pilot program resulted in other behavioral changes, including fewer vehicle stops between work sites, which reduced mileage and increased productivity.

Based on the pilot program, hard dollar and soft dollar benefit estimates have been developed using a conservative approach. These benefit estimates are also supported by actual results experienced by other organizations who have implemented the Networkfleet telematics system, including Eastern Municipal Water District of Southern California, who also achieved a measurable reduction in accidents and associated liability costs with the telematics system.

A fleet telematics system is a valuable tool that, if used properly:

- ✓ will protect employees and the organization
- ✓ will assist in right-sizing the fleet
- ✓ will reduce operating costs
- ✓ will improve organizational efficiency

Estimated Denver Water costs and financial benefits over a five year period:

- Total cost of ownership: \$1,236,778
- Total dollar savings: \$7,817,552
 - Hard dollar savings: \$1,217,632
 - Soft dollar savings: \$6,599,919

Initial implementation costs and monitoring service fees are expected to be \$424,000 in 2013. These costs are not included in the 2013 budget and therefore a budget variance will be required. Annual monitoring services fees will be included in future year budgets.

Recommendation:

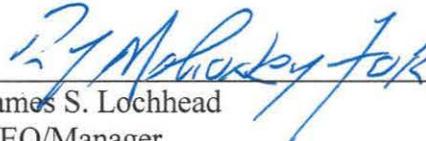
It is recommended that the Board approve a 2013 budget variance of \$424,000 and authorize the expenditure of \$279,790 for hardware installation and \$189,465 per year for monitoring services for three (3) years, for a total cost of \$848,185 for the Networkfleet Inc. telematics system.

Approvals:

Respectfully submitted,



Tom Roode
Director of Operations & Maintenance



James S. Lochhead
CEO/Manager



Christopher R. Dermody
Director of Information Technology



Patricia L. Wells,
General Counsel