

# **Fleet Maintenance Outsourcing – Building a True Public-Private Partnership**

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Outsourcing of a local government operation, particularly a support service such as fleet maintenance, provides some compelling benefits. Engaging industry experts achieves a higher level of specialization and efficiency, removes distractions associated with a non-core function of government, and permits market forces to control the cost of service delivery. Outsourcing of fleet operations does not, however, relieve the government of any fleet management or oversight responsibility. Inattention to management requirements is often the cause of a failed outsourcing initiative.

Outsourcing can only fix operational fleet problems. The arms-length business relationship allows the contractor to provide only those services required by the contract, not to arbitrate internal management disputes or decision-making processes. Problems resulting from past management decisions such as increases in fleet size or inadequate capital funding cannot be solved by a contractor engaged only to provide maintenance services.

Successful fleet maintenance outsourcing requires a collaborative relationship between the government entity and the contractor that must have three key elements:

1. A clear and precise contract that defines minimum operational parameters for the maintenance provider;
2. Periodic competitive bidding to keep market forces working; and
3. Well structured management and oversight processes.

The first two requirements have been well understood and applied as the fleet maintenance outsourcing trend has evolved and matured. The third has not. The absence of established oversight often leaves a gap between the contractor and their customer that is filled with mistrust, misinterpretation, and loss of effectiveness.

Management oversight of the contract forms a bridge across the arms-length relationship. It provides an established mechanism for communications and a conduit for the flow of information between the parties. Key elements include a designated oversight manager that is the go-to person for both sides of the relationship, a regular mechanism for measuring, monitoring, and reporting on contractor performance, and open lines of communication for discussing and resolving disputes and for interpreting the different perspectives of the service provider and the customer.

Oversight must be backed-up with active fleet management that allows the contractor to respond to the service demands defined by the fleet manager. Without active fleet management, decisions will be made without structure or context. A designated fleet manager who is provided with appropriate responsibility and authority ensures that maintenance operations remain efficient and effective by controlling the inputs that affect the scale and scope of maintenance activities required. The fleet manager also extends the contract oversight bridge by providing a conduit between fleet user groups and the maintenance contractor.

Achieving effective fleet management and contract oversight requires several key elements. First, the government must determine the level of resources and expertise required. A large fleet operation will require one or more positions, a small government less than one. The key is to understand that some level of in-house staffing will need to be dedicated to the task. The fleet maintenance contractor cannot be left to their own devices. Next, these resources must be scalable to the requirement. While some effort will be required on a regular and predictable schedule, much of the work required will be seasonal or occasional in nature. Finally, the oversight responsibility must be instilled with a degree of independence to avoid perceptions of favoritism in the resolution of disagreements. Together, a high quality fleet maintenance contractor coupled with active and enlightened fleet management and contract oversight, can produce a public-private partnership that yields the best possible value for local citizens.