Inflation & Fleet Costs Increasing: How Can Fleet Managers Help?

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Fleet TCO Surging

Total Cost of Ownership

Acquisition

Fuel

Maintenance and Repair

Crashes

Resale
Acquisition - Up 23%

- Manufacturing shortages, delays drove up prices
- OEM allocating fewer vehicles to Fleets
- Lower/no discounts. May not do better than MSRP
Fuel - Up 14%

- Pandemic recovery, Russian tariffs caused a spike
- Other oil producers ramped up, US at record level
- Prices still higher than pre-pandemic
Maintenance & Repair - Up 36%

- Pandemic created supply chain problems
- Recovery brought higher demand than supply
- M&R may drop but there is no precedent
Maintenance & Repair - Parts - Up 24%

- Chips, cat converters, and other shortages drive higher prices
- Longer downtime
Increasing vehicle complexity, retirement surge creating shortage of skilled technicians

Shop backlogs mean less time for training

More complex vehicles mean higher diagnostic fees, longer repair time, recalibrations

Labor quality may be suspect, leading to more downtime
With higher oil prices come higher tire prices, but with a delayed trend as vendors work through inventory.

Should experience the same drop in oil.
Maintenance & Repair - Aging Inventory

- Older fleets experience more unscheduled M&R
- Creates greater demand for labor, parts
- Higher demand amplifies inflation effect
Crashes

- Back to pre-COVID levels
- Suffer from the same price and shortage pain as M&R
- Rising from pandemic dip
- Be prepared for high EV repair costs
Resale - Premiums Ebbing

- Lost half of pandemic premium, but still 34% above pre-pandemic
- Reduced vehicle production means lower used vehicle supply, and higher used vehicle prices
- The peak has passed so you will get less for your retired vehicle to offset new vehicle prices
Recap

Today

● Monitor for fuel fraud
● Take advantage of warranty coverage
● Do your PMs to avoid more costly expenses later - especially DPF problems
● Consider GSA Fleet’s driver safety course
● Take advantage of discount vendors
● Max longevity by rotating vehicles to balance age and miles
● Keep your vehicle clean, maintained, and recall-free to facilitate quick sale

Long Term

● Do you really need a replacement for the old vehicle? Try the VAM. 41 CFR § 102-34.50
● Choose cost effective (low cost, high MPG) vehicles
● Consider telematics to predict, avoid problems, monitor driver behavior