REPORT TO AUDIT COMMITTEE

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Staff Report
December 13, 2011

Honorable Members of the Audit Committee

Title: *Audit of City Light-Duty Vehicle Use*

Location/Council District: Citywide

Recommendation: Accept the Auditor's *Audit of City Light-Duty Vehicle Use* and forward to City Council for final approval.

Contact: Jorge Oseguera, City Auditor 808-7270

Presenters: Jorge Oseguera

Department: Office of the City Auditor

Division:

Organization No: 01001201

Description/Analysis

Issue: This audit was approved as part of the 2011-2012 Audit Plan. According to City Code Chapter 2.18, the City Council should be kept apprised of the City Auditor's work. The Audit Committee shall receive, review, and forward to the full Council the City Auditor's updates and reports.

Policy Considerations: The City Auditor's presentation of the *Audit of City Light-Duty Vehicle Use* is consistent with the Mayor and City Council's intent to have an independent audit function for the City of Sacramento.

Environmental Considerations: None.

Sustainability Considerations: None.

Rationale for Recommendation: The *Audit of City Light-Duty Vehicle Use* was approved as part of the Auditor's 2011-12 Audit Plan. The report includes three findings and makes 18 recommendations to help remedy the issues identified.

Financial Considerations: The costs of performing this audit were funded out of the 2011-12 Office of the City Auditor Budget.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.

Respectfully Submitted by: _____
Jorge Oseguera, City Auditor

Table of Contents:

Report pg. 1

Attachments

1 Attachment 1 – *Audit of City Light-Duty Vehicle Use*

Report # 2011-05

Attachment 1

Audit of City Light-Duty Vehicle Use:

Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement

While Fleet provides departments with vehicle use information, the division has not always adequately and accurately presented usage data to enable optimal decision making

The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost

Jorge Oseguera
City Auditor

Scott Herbstman
Auditor

Office Of The City Auditor
December, 2011

This Page Was Intentionally Left Blank

CITY OF SACRAMENTO
CALIFORNIA

Office of the City Auditor
Jorge Oseguera, City Auditor

December 8, 2011

Honorable Mayor and
Members of the City Council
915 I Street - Fifth Floor, New City Hall
Sacramento, CA 95814-2604

Enclosed is the *Audit of City Light-Duty Vehicle Use*. We conducted this performance audit in accordance with generally accepted government auditing standards and City Code Chapter 2.18.

The report contains three findings and makes 18 recommendations for improving the operations, controls, and management of the City's light-duty vehicles. The written responses to this report are found on page 47 and 52. I will present this audit at the December 13, 2011 *Audit Committee* meeting.

We would like to thank the Department of General Services, Police Department, Fire Department, City Manager's Office and City Attorney's Office for their assistance and cooperation during this audit.

Should you have any questions, please feel free to contact me.

Respectfully submitted,

Jorge Oseguera
City Auditor

CITY HALL – THIRD FLOOR
915 I STREET, SACRAMENTO, CA 95814-2604
PH (916) 808-7270 • FAX (916) 264-7680 • EMAIL joseguera@cityofsacramento.org

Table of Contents

Executive Summary: **1**

Introduction **4**

Background **4**

Audit Objective, Scope, and Methodology **8**

Finding I: Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement **9**

Most vehicles were driven less than would be expected to efficiently meet Fleet's replacement standards 9

Some vehicles received little use and department ownership of them might not be justified 12

The cost to operate and maintain vehicles that were driven less than 6,000 miles last fiscal year exceeded $700,000, and removing and not replacing them could yield millions in future benefits 15

Alternatives to departmental ownership are in place and could reduce costs 16

Some Motor Pool vehicles received limited rental use 19

Fleet is charged with centrally managing the fleet, but the division is not empowered to remove vehicles that receive little use 20

Finding II: While Fleet provides departments with vehicle use information, the division has not always adequately and accurately presented usage data to enable optimal decision making **22**

About 12 percent of vehicles reviewed contained substantial discrepancies in reported average miles driven 22

Fleet has presented departments with usage data, but information has not always been accurate and a key metric fails as a measure of adequate utilization 23

Finding III: The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost **27**

The City does not have a take-home vehicle policy 27

The Sacramento Police Officers Association made informal arrangements with Labor Relations to provide take-home vehicles 29

The City currently allows 243 take-home vehicles, of which over 90 percent are assigned to police personnel 31

Some employees who are assigned a take-home vehicle may have failed to report the benefit as taxable income 35

Appendix A **37**

Appendix B **46**

Departments' Responses **47**

Executive Summary:

The Department of General Services' Fleet Management Division (Fleet) maintains and repairs the City of Sacramento's vehicles and manages the City fleet and fuel facilities. Fleet's 91 employees are responsible for managing about 2,400 fleet assets. Our review focused on the use of light-duty vehicles (cars, small trucks, vans, and motorcycles) that are classified under the City's General, Fleet Management, and Risk funds.

Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement

Most vehicles were driven less than would have been expected to meet Fleet's replacement standard expectations, nearly a third of vehicles received limited use, and the removal and avoided replacement costs of underutilized vehicles could save the City millions. We reviewed the use of 823 light-duty vehicles and found that based on the miles driven in Fiscal Year 2010/11:

- 562 vehicles or 68 percent of vehicles reviewed were driven less than would have been expected in the fiscal year to simultaneously meet the time and mileage replacement standards.
- While City policy does not set a minimum use requirement, the Fleet Manager has requested that departments return vehicles that are expected to be driven less than 6,000 miles per year. 245 vehicles or about 30 percent of vehicles were driven less than 6,000 miles during the year. Of these, 53 were driven less than 1,200 miles that year.
- The cost to operate and maintain the vehicles that were driven less than 6,000 miles during the year exceeded $700,000.
- We estimate that removing from the fleet vehicles that were driven less than 6,000 miles last year and not replacing them could yield a benefit to the City of about $5.7 million.[1]

While Fleet provides departments with vehicle use information, the division has not always adequately and accurately presented usage data to enable optimal decision making

Fleet has identified vehicles the division considered underutilized and had requested that departments return these vehicles. However, we found that some Fleet utilization information had discrepancies and that the measure the division uses to determine appropriate utilization is flawed. We reviewed the use of 823 light-duty vehicles and found that based on the miles driven in Fiscal Year 2010/11:

- 101 vehicles or about 12 percent had average monthly use discrepancies of 100 miles or more.
- Fleet's metric for communicating adequate utilization to departments fails to identify efficient use.

[1] If these vehicles would be removed, the City would likely not see a savings of this entire amount, as some of the costs would shift to other vehicles.

The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost

The City provides take-home vehicles to some employees. Under the City's Transportation Policy, take-home vehicles may be assigned for urgent needs. We reviewed the use of 209 take-home vehicles in Fiscal Year 2010/11 and found:

- The City does not have detailed criteria to determine when take-home vehicles should be assigned.
- The Police union and the City made an informal arrangement to provide take-home vehicles to some officers.
- We estimate that annual commute costs associated with the 209 take-home vehicles exceeds $820,000.

Recommendations Summary

- Request that departments turn in vehicles that were driven less than 3,000 miles.
- Empower a Fleet Utilization Review Board to set minimum utilization requirements and remove low –use vehicles.
- Create and report more meaningful utilization information to departments.
- Establish clear take-home vehicle policy direction.
- Restrict the allowable distance an employee can live from the center of the City to qualify for a take-home vehicle.

This Page Was Intentionally Left Blank

Introduction

In accordance with the City Auditor's 2011-12 Audit Plan, we have completed an *Audit of City Light-Duty Vehicle Use.* We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Department of General Services' Fleet Management Division (Fleet) maintains and repairs Sacramento's vehicles and manages the City fleet and fuel facilities. The division's mission statement says "the Fleet Management Division offers competitive and effective solutions to meet and exceed our customers' expectations." Fleet's 91 employees are responsible for managing about 2,400 fleet assets. While most fleet assets are vehicles, they also include other equipment like trailers and generators.

The approximate $34.4 million budgeted for the division in Fiscal Year 2011/12 is not funded directly by the General Fund. Instead, the Fleet Management Fund is a separate internal service fund. Internal service funds provide services to various City departments and bill these departments for services rendered. Departments budget for their fleet expenses and make payments to Fleet from their operating funds through internal service fund transfers. The following shows the number[2] of fleet assets by City department:

Exhibit 1: Utilities, Police, and Transportation Own The Most Fleet Assets

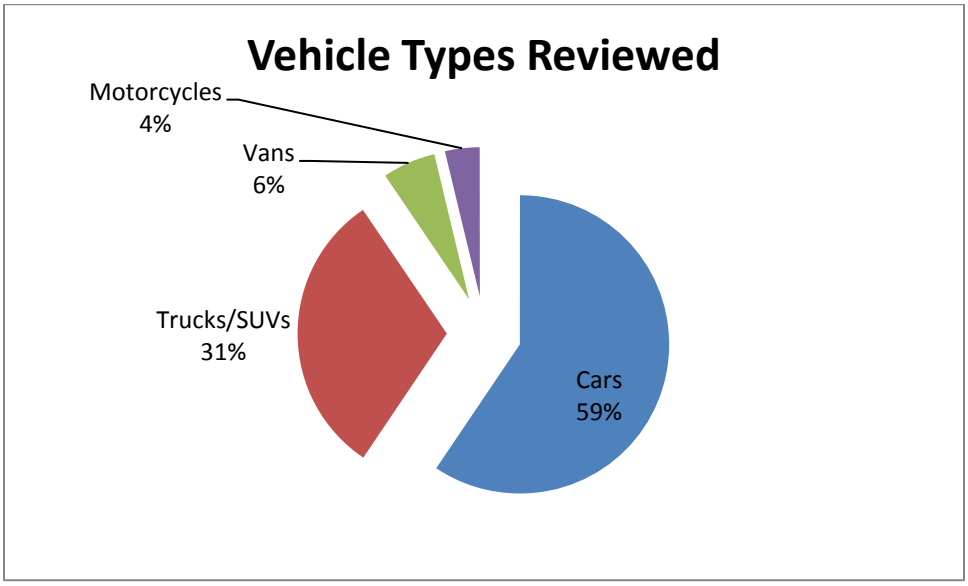
City Department	Assets
UTILITIES	663
POLICE	614
TRANSPORTATION	335
PARKS & RECREATION	262
FIRE	199
GENERAL SERVICES	133
COMMUNITY DEVELOPMENT	87
CONVENTION CULTURE & LEISURE	40
HUMAN RESOURCES	33
CITY ATTORNEY	2
LIBRARY ADMINISTRATIVE DIV	2
TECHNOLOGY	2
FINANCE	1

Source: Fleet's Business Objects System report

[2] This includes assets that are classified as active and those flagged for removal from the Fleet.

Our review focused on the use of light-duty vehicles that are classified under the City's General, Fleet Management, and Risk funds.[3] While about 90 percent of the vehicles reviewed were cars or trucks/SUVs, we also analyzed the use of vans and motorcycles. The following shows the breakdown by type of these 853[4] vehicles:

Exhibit 2: Most Vehicles Reviewed Were Cars and Trucks/SUVs



Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

These vehicles were spread among 11 departments with Police owning nearly 60 percent of those reviewed. Transportation and Community Development each own approximately 10 percent of the vehicles analyzed. The following figure shows a breakdown of ownership by department:

[3] The General Fund is the City's principal operating fund and the Fleet and Risk Management funds are internal service funds. Internal service funds provide services to City departments and charge them for the costs of the services.

[4] While we examined 853 vehicles, much of the analysis in this report focused on 823 vehicles, as we excluded vehicles that were in service for less than three months since we could not confidently estimate their annual use.

Exhibit 3: Three Departments Owned Nearly 80 Percent Of Vehicles Reviewed

Department	Vehicles	Percent
POLICE	509	59.7%
TRANSPORTATION	87	10.2%
COMMUNITY DEVELOPMENT	81	9.5%
GENERAL SERVICES	58	6.8%
FIRE	57	6.7%
PARKS & RECREATION	46	5.4%
HUMAN RESOURCES	8	0.9%
CITY ATTORNEY	2	0.2%
CONVENTION CULTURE & LEISURE	2	0.2%
TECHNOLOGY	2	0.2%
FINANCE	1	0.1%
Total	853	100.0%

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

The following summarizes the City's main vehicle and fleet-related policies:

Main points of Administrative Policy Instruction (API) 29: City Employee's Transportation Policy and Procedures:

- The City will provide employees suitable transportation to conduct City business. This will be done primarily through the use of City vehicles, but also private vehicles may be used with the approval of the City Manager.
- No employee will suffer a personal financial loss in carrying out City business.
- The City Manager is responsible for administering the related policies.
- Departments must justify in writing to the City Manager the assignment of City-owned vehicles and the reimbursement of use of privately-owned vehicles.
- Assignments and reimbursements are subject to periodic review.
- City vehicles provided shall be used only for official City business.
- Thirty days notice will be given prior to the termination or modification of the assignment of a City vehicle or the reimbursement for use of a privately owned vehicle.

Main points of Administrative Policy Instruction 52: Fleet Purchasing/Budgeting Policies:

- The City's fleet services will be centralized and the division owns fleet assets, conducts maintenance, manages fueling and fuel infrastructure, develops replacement schedules, provides long-range forecasting, updates replacement costs, maintains asset records, disposes of assets after use, complies with regulations associated with fleet operations, and implements clean-air/emissions reductions.
- The term "fleet assets" was defined to explain what are and what are not considered assets.

- New fleet units should be approved with the annual budget. Departments must provide a description of the type of vehicle/equipment and a brief explanation of the need for the unit in the department's narrative section of the budget.
- Fleet, in conjunction with departments, shall set fleet standards.
- Fleet types include assigned units (assigned by Fleet and billed to departments), pool units (rented by departments from Fleet's City Motor Pool), and outside rentals (units rented from private source to meet short-term need).
- Vehicles/equipment can be transferred from one department to another department.
- Outside rentals can be used to meet departments' needs, but Fleet must review and the Finance/Budget offices and the City Manager must approve any rental or lease with a term of more than three months.
- Fleet shall maintain and repair fleet assets.
- Fleet charges to departments are intended to cover the costs of maintenance, operations, asset management, regulatory compliance and administration.
- The Budget Office with information from Fleet's historical expenditures establishes a budget to cover motor pool, operations and maintenance, and vehicle replacements. Departments' budgets for fleet expenses are based on prior year motor pool costs, and the costs of actual operations and maintenance and vehicle replacement.
- Depending on the type of accident and the department involved, costs of repairs will be covered by different sources.
- Salvage revenues from the sale of vehicles will be credited to departments.

In addition to the above policies, City Council adopted a comprehensive Fleet Sustainability Policy in 2007 and amended it in 2009 and 2010. The policy aims to promote emission reductions, purchase low-emission vehicles, reduce fuel consumption, and includes monitoring and reporting.

Fleet has made advances recently and has been recognized for its work. In June, the City Fleet was recognized as one of the 100 Best Fleets in North America. The City ranked 16th in this program, which is sponsored by Government Fleet Magazine, Invers Mobility Solutions, and a fleet consultant. For the competition, fleets were evaluated for accountability, use of technology and information, collaboration, creativity, and other factors. Sacramento also won the award in 2010, ranking 21. In addition to this recognition, Fleet also was awarded the 2011 Government Green Fleet Award in October – ranking seventh among government fleets in North America.

Other achievements include:

- Fleet awarded a contract to National Auto Parts Association (NAPA) in 2009 for fleet parts and inventory program services, which is expected to save the City more than $2 million during the five-year contract.
- Since 2009, Fleet has been outfitting vehicles with Global Position System (GPS) and other technology to better track vehicles use and maintenance requirements.
- In 2010, the division implemented FleetFocus M5, a fleet system that lets the division as well as departments who manage vehicles access performance, use and cost information.

- Fleet launched an anti idling campaign in 2010 in accordance with the City Manager's extension of a 5 minute idling limit to light-duty vehicles (City Council had approved in 2004 an idling limit for heavy-duty vehicles).
- Fleet has conducted annual Fleet customer surveys. About 86 percent of respondents in the 2010 survey indicated that Fleet meets or exceeds expectations.
- In 2011, Fleet created and trained departments' fleet contacts on an online system that provides access to fleet reports.
- Fleet completed its 2011 Business Plan, which included information about the division and set the division's top 10 goals and strategies for the year.
- In Fiscal Year 2011/12, the division reduced expenditures by about $1.1 million through position reductions.

Audit Objective, Scope, and Methodology

The objective of this audit was to evaluate the use and efficiency of the City's vehicle fleet. While the City owns a combination of light and heavy-duty vehicles, this review focused on light-duty vehicles only. Specifically, we examined the use of light-duty vehicles that were funded through the City's General, Risk, and Fleet Management funds. Areas covered in this report include 1) Fleet utilization and opportunities for gaining efficiencies; 2) an evaluation of Fleet usage information and reporting; and 3) an assessment of City take-home vehicles.

While our audit drew on historical information, it primarily focused on Fiscal Year 2010/11 (the period from July 1, 2010 through June 30, 2011) information. We interviewed Fleet staff and obtained reports and raw data from Fleet regarding vehicle usage and costs. Fleet provided us access to the FleetFocus M5 system as well as its online fleet reporting system.

During field work, we discovered anomalies in some Fleet-provided vehicle usage information. This raised concerns about the accuracy of some Fleet data. When we discussed concerns with the division, they were able to provide additional detailed data for us to analyze. Using this data, we identified discrepancies and we updated usage information for vehicles that had the greatest discrepancies in Fiscal Year 2010/11. These issues are explained more in depth in Finding II.

In addition to working with Fleet on this review, we also interviewed other City staff and analyzed information provided by departments that work with Fleet to manage their City vehicles. Besides working with City departments, we researched industry best practices and other governments' fleet policies and practices.

Finding I: Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement

Under City Policy, the Fleet division is charged with centrally managing the City's fleet. Effectively managing the fleet involves ensuring that City employees have access to the appropriate number of safe and reliable vehicles that are used efficiently to meet business needs. In order to ensure that the City's vehicle assets are utilized efficiently, the division captures and provides information about vehicle use to City departments that own vehicles and urges departments to return vehicles that receive little use.

To be eligible for replacement, vehicles must be driven a minimum number of miles and be in service for a minimum amount of time. Replacement standards vary by vehicle type. For example, many light-duty vehicles in the City's fleet fall under a 10 year and 100,000 mile replacement criteria. Given this parameter, a vehicle would need to be driven on average 10,000 miles per year in order to reach the target years and miles simultaneously. However, many of the City's light -duty vehicles fell well short of their respective target use. A review of the City's light-duty fleet in Fiscal Year 2010/11 found opportunities to better coordinate vehicle use and to remove underutilized vehicles.

We found that:

- Most vehicles were driven less than would be expected to efficiently meet Fleet's replacement standards
- Some vehicles received little use and department ownership of them might not be justified
- The cost to operate and maintain vehicles that were driven less than 6,000 miles last fiscal year exceeded $700,000, and removing and not replacing them could yield millions in future benefits
- Alternatives to departmental ownership are in place and could reduce costs
- Some Motor Pool vehicles received limited rental use
- Fleet is charged with centrally managing the fleet, but the division is not empowered to remove vehicles that receive little use

By addressing these concerns, Fleet and departments will improve their ability to better manage City vehicles efficiently.

Most vehicles were driven less than would be expected to efficiently meet Fleet's replacement standards

Fleet uses time and mileage replacement schedules that vary by vehicle type. Under these kinds of replacement plans, vehicles must be both driven a minimum amount of miles and be in service for a minimum amount of time before they can be replaced. For example, a midsize sedan's replacement schedule was set at 10 years and 100,000 miles. Under such a plan, ideally the vehicle would be driven 10,000 miles a year for 10 years. More than two-thirds of City vehicles reviewed were driven fewer miles in Fiscal Year 2010/11 than would be expected to meet Fleet's replacement standards efficiently. The

following figure shows the standards by vehicle class reviewed and the expected miles driven each year based on the standards as well as the percent of these vehicle types driven less than the expected miles in Fiscal Year 2010/11:

Exhibit 4: Most Vehicles Were Driven Less in Fiscal Year 2010/11 Than Would Be Expected To Meet Replacements Schedules

Vehicle Type[5]	Years (standards)	Miles (standards)	Miles Per Year	Less Than Target
MOTORCYCLE POL	5	60,000	12,000	72%
SDN ,STD UC POLICE AND SDN, POLICE B/W	5	100,000	20,000	55%
SDN,INT UC POLICE; SDN,POL,JUNKER; SUV, PUBLIC SAFETY; AND WAGON, PD MARKED	6	100,000	16,667	71%
SDN,INT FIRE MARKED AND SDN, STD FIRE MARKED	8	100,000	12,500	44%
2 WHEEL DRIVE UTILITY; 4 WHEEL DRIVE; SDN, INTERMEDIATE; SDN, LT COMPACT (MIDSIZE); TRK, COMPACT, STD; TRK, STD PU 2WD; TRUCK, STAN BODY, 2WD; AND TRK, VAN PASS	10	100,000	10,000	76%
TRK,VAN PASSENGER	10	80,000	8,000	71%

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

Reaching the time and mileage requirement near the same time period ensures that vehicles do not become too old or reach too high mileage before they are eligible for replacement. We found that of the 823 light-duty vehicles reviewed, 562 or 68 percent were driven less in Fiscal Year 2010/11 than would have been expected to meet this measure of use.

The table below demonstrates the potential problems of operating vehicles that consistently deviate from meeting Fleet's time and mileage standard. Specifically, allowing vehicles to deviate so significantly from their targeted utilization creates unrealistic replacement forecasts that, as shown in the examples below, would result in some vehicles being retained for decades. It is likely unrealistic to expect light-duty vehicles to be in service for more than 30[6] years. As the standard includes both time and mileage thresholds, the following projects - based on last year's use – how old some vehicles will be before they are eligible for replacement:

[5] The exhibit includes Fleet's vehicle abbreviations. See Appendix B for descriptions of these abbreviations.
[6] According to an R.L. Polk (an automotive data and marketing company) study that was released in 2010, the average age for all light duty vehicles on the road in the United States was 10.2 years and the average length of ownership for new or used vehicles among U.S. consumers was 49.9 months.

Exhibit 5: Some Vehicles Will Be Decades Old Before They Will Be Eligible For Replacement

UNIT NO	YEAR MAKE MODEL	Years Before Replacements	Miles driven in Fiscal Year 2010/11
8840	1999 CHEVROLET ASTRO	28.6	2,873
10202	2004 FORD FREESTAR	37.6	1,930
9821	2003 FORD FOCUS LX	42.8	1,699

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

Fleet's M5 system captures data about vehicle use that Fleet extracts to produce utilization reports for individual departments. According to Fleet staff, this information has become more accurate recently as more mileage data is collected automatically through sensors at City fueling sites. Having such a system in place that captures and allows for the analysis of usage can provide a tool for Fleet as well as City departments to better match miles driven with time under the replacement schedule. While Fleet tracks and provides departments some utilization information, it does not analyze if vehicles are on track to meet the time and mileage threshold around the same time. If this information was analyzed and shared with departments, departments could rotate their vehicles to ensure more even use.

According to the Fleet Manager, the City's replacement standards have developed over time and figures have been extended due to budget constraints. He said that he believed that the time and mileage standards for light-duty vehicles were generally reasonable, but that Fleet has not conducted a formal analysis to evaluate the standards.[7]

While different fleets have different methods of figuring replacement schedules, the American Public Works Association published a vehicle replacement guide that set usage replacement criteria examples for the following types of vehicles and lifetime usage ranges: administrative sedans, 75,000 to 100,000 miles; emergency sedans, 85,000 to 100,000 miles; and pickup trucks, 100,000 to 120,000 miles. Additionally, the State of California's usage replacement criteria for light-duty vehicles is 100,000 or 120,000 miles depending on the vehicle type. As seen above, most City vehicle types reviewed were in line with these mileage replacement standards.

Understanding usage over time is especially important as Fleet updates its standards. Fleet plans to increase the mileage criteria in Fiscal Year 2011/12 for non-mission critical[8] vehicles by 20 percent while leaving the time criteria in place. As this change will cover many of the vehicle classifications analyzed above, increasing mileage requirements has the potential to put low-use vehicles even further away from meeting the time and mileage standards around the same time.

[7] Due to budget constraints since the 2010 Fiscal Year replacement process, the Department of General Services issued a memo to department directors and division managers that added criteria beyond the time and mileage requirements. For vehicles to be replaced, they must also meet another criteria like 1, being mission critical and current equipment is no longer reliable; 2, operating and maintenance costs must be increasing to the point that it is no longer cost effective to delay replacing the vehicle; or 3, other specific operational or financial circumstances.
[8] Fleet defines "mission critical" equipment as Fire apparatus, ambulances, Police black & white vehicles, side loaders, and diesel trucks requiring traps in calendar year 2012.

For example, a midsize sedan that is currently on the 10 year and 100,000 mile replacement schedule would be on track to meet time and mileage at the same point if it were driven 10,000 miles per year for 10 years. As the standard will increase to 120,000 miles in Fiscal Year 2011/12, this vehicle would have to be driven 12,000 miles per year for 10 years to match time and mileage. In Fiscal Year 2010/11, about 80 percent of vehicles in this classification were driven less than that amount. If, for example, a sedan on the current schedule was driven 6,000 miles per year, it would not be eligible for replacement for about 16.7 years. Under the new standard, a vehicle with this use would not be eligible for replacement for 20 years.

While having standards and tracking progress against these standards can provide a useful planning tool, to be effective, standards should be realistic. As noted above, Fleet's replacement standards have developed over time. However, the division has not conducted a formal analysis of its replacement standards. While our review showed that Fleet's mileage replacement standards were generally in line with a recommended replacement schedule from the American Public Works Association, a formal review of the Fleet's standards could provide helpful information.

RECOMMENDATIONS

We recommend that Fleet:

1. Work with departments to find opportunities for rotating vehicles to ensure more even use.
2. Conduct a review of replacement standards in order to ensure that the time and mileage requirements are realistic and set efficient targets.

Some vehicles received little use and department ownership of them might not be justified

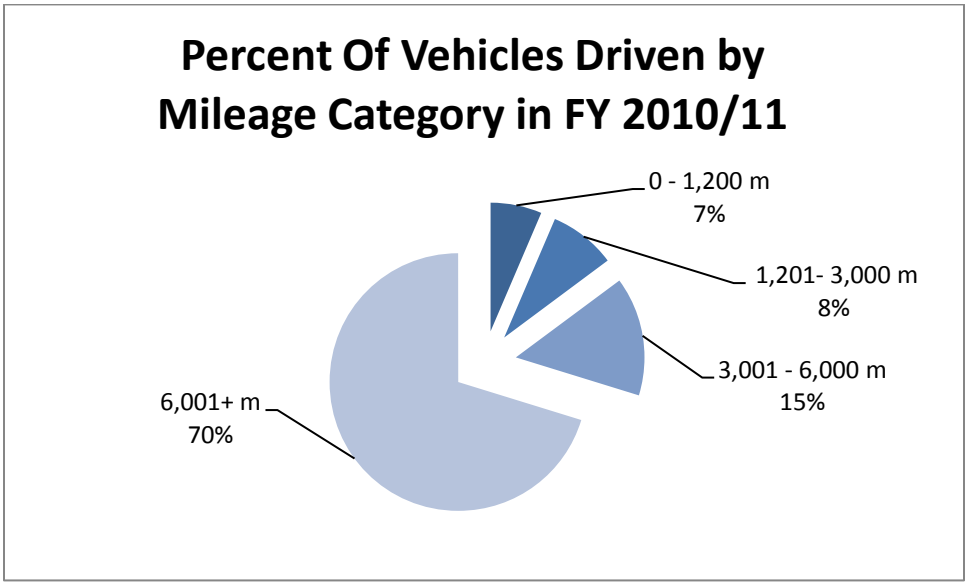
Fleet management encourages departments to return vehicles that are being underutilized. However, the City does not have a formal policy that states an acceptable minimum amount of use per year. According to the Fleet Manager, 6,000 miles is a place to start when discussing low-use vehicles and he believes it represents a reasonable minimum amount of use. Our analysis showed that 245 vehicles in Fiscal Year 2010/11 were driven less than an average of 500 miles a month (or 6,000 miles per year). This represented about 30 percent of vehicles reviewed. In 2010, Fleet sent departments reports about their vehicles' use. The reports contained information such as average monthly miles driven for the previous fiscal year, years in service, and costs to operate, maintain and fuel the vehicles. The e-mail message accompanying the reports asked departments to review their vehicles and voluntarily turn in equipment that is not anticipated to travel at least 6,000 miles per year.

This amount is less than what some other fleets set as their minimum use. For example, the City of San Jose has a minimum use of 9,000 miles per year for sedans and 11,000 per year for light trucks. Sacramento County set a minimum of 7,500 miles per year to justify department-assigned vehicles. Also,

the State of California has a minimum of 6,000 miles within a six-month period[9] for passenger vehicles (equivalent to 12,000 miles per year).

The following table shows the number of City vehicles we reviewed and how many miles they were driven during Fiscal Year 2010/11. While 578 vehicles were driven at least 6,001 miles, 245 were driven less than this threshold. Of these, 53 were driven less than 1,200 miles that year (or less than 100 miles per month). The following exhibit shows ranges of vehicle use for the fiscal year (percentages are rounded). A detailed breakdown of these vehicles is show in Appendix A:

Exhibit 6: About 30 Percent Of Vehicles Reviewed Were Driven Less Than 6,000 Miles



Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

We would have expected that nearly all vehicles would have met Fleet's recommended minimum threshold of 6,000 miles per year. Instead, nearly 30 percent of vehicles reviewed were driven less than the threshold. On average, these vehicles were driven 241 miles per month, which is about equivalent to 2,890 miles per year or about 12 miles[10] per work day. The following table shows the types and number of vehicles that were driven less than the 6,000 threshold in Fiscal Year 2010/11:

[9] The State standard is at least 6,000 miles or vehicle use of at least 80 percent of the work days that the vehicle is available within a six month period.
[10] This is based on 250 days of work per year.

Exhibit 7: More Than Half Of Vehicles Driven Less Than 6,000 Miles Were Compact Trucks And Midsize Sedans

Vehicle Type	Vehicles	Percent
TRK,COMPACT,STD	83	34%
SEDAN, LT COMPACT (MIDSIZE)	41	17%
TRK,VAN PASSENGER	27	11%
SDN ,STD UC POLICE	23	9%
SDN,POLICE,JUNKER	16	7%
SDN,POLICE B/W	16	7%
TRK,STD PU 2WD	15	6%
MOTORCYCLE POLICE	13	5%
4 WHEEL DRIVE	5	2%
2 WHEEL DRIVE UTILITY	2	1%
SDN,INTERMEDIATE	2	1%
SUV, PUBLIC SAFETY	2	1%
Total Vehicles	245	100%

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

Exhibit 8: More Than Half Of Vehicles Driven Less Than 6,000 Miles Were Owned By Two Departments

Department	Vehicles	Percent
POLICE	85	35%
GENERAL SERVICES	44	18%
TRANSPORTATION	37	15%
COMMUNITY DEVELOPMENT	26	11%
FIRE	20	8%
PARKS & RECREATION	19	8%
HUMAN RESOURCES	8	3%
CITY ATTORNEY	2	1%
CONVENTION CULTURE & LEISURE	2	1%
TECHNOLOGY	2	1%
Total Vehicles	245	100%

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

The most common types of vehicles that received little use last fiscal year were compact trucks, midsize sedans and passenger vans. These three classifications account for 62 percent of the vehicles that were driven less than 6,000 miles. Police, General Services, and Transportation had the most vehicles beneath the threshold. These departments' vehicles represent about two thirds of the total in this category. As our review examined both active vehicles and those that had been flagged to be removed from the fleet

as of the end of the fiscal year, some of these vehicles might have already been removed.[11] However, despite many vehicles failing to meet even a 6,000 mile per year threshold last fiscal year, only 37 vehicles were turned in and not replaced during the two years prior to May 2011.

The cost to operate and maintain vehicles that were driven less than 6,000 miles last fiscal year exceeded $700,000, and removing and not replacing them could yield millions in future benefits

As explained in the background section, Fleet maintains and repairs departments' vehicles and charges departments for their associated costs. Operating and maintaining the 245 vehicles that were driven less than 6,000 miles in Fiscal Year 2010/11 cost the City about $711,000 or on average $2,902 per vehicle. The following shows the breakdown of these expenses as well as the average cost per vehicle:

Exhibit 9: Costs To Operate Vehicles Driven Less Than 6,000 Miles Exceeded $700,000

Type of Expense	Total Cost	Average Vehicle Cost
Administrative Fees	$130,598	$533
Commercial Charges	$81,943	$334
Fuel	$156,554	$639
Labor	$203,871	$832
Parts	$137,959	$563
Total	$710,925	$2,902

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

If all or some of these vehicles were removed from the fleet, these annual expenses could be eliminated or reduced. Additionally, in line with the practice that Fleet uses for selling vehicles at the end of their life with the City, the vehicles could be sold at auction to generate revenue. Based on the City's sales from January 2010 through April 2011, we estimate that the sale of vehicles that were driven less than 6,000 miles in Fiscal Year 2010/11 could generate about $465,894 in City revenue or an average of about $1,902 per vehicle sold. [12] This estimate is not meant to imply that all underutilized vehicles should be removed regardless of condition. In determining which vehicles to remove, Fleet should first assess the condition of all vehicles and remove the most costly ones.

Besides ongoing expenses to operate and maintain these vehicles and the possible revenues that could be generated from their sales, other factors should be considered in understanding the cost of these vehicles. Specifically, their replacement costs are not included above. Incorporating the replacement costs into our analysis better reflects the costs of owning a vehicle. For example, if the City does not replace vehicles that were driven less than 3,000 miles in Fiscal Year 2010/11, the benefit to the City

[11] As of the end of last fiscal year, 83 percent of these vehicles were classified in Fleet's system as active while 17 percent were flagged for removal.

[12] Calculations were based on the average sale price by all similar types of vehicles sold with fees to sell vehicles subtracted out.

would be nearly $2.3 million as shown in the following table.[13] The following summarizes the above estimates of the potential benefits related to more efficient fleet use:

Exhibit 10: Removing And Not Replacing Vehicles Could Yield A Benefit Of More Than $5 Million

Area of Potential	Under 1,200 m	Under 3,000 m	Under 6,000 m
Avoid Op+Maint+Admin Costs (one year)[14]	$130,153	$308,671	$710,925
Sell Vehicles	$100,785	$231,996	$465,894
Avoid Replacement Costs	$936,148	$2,255,128	$4,496,643
Total	$1,167,086	$2,795,795	$5,673,462

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Fleet's vehicle sales report, and Auditor's analysis

As noted above, there is a significant cost to the City for retaining and replacing underutilized vehicles. Even though the exhibit above reflects avoidance of operations, maintenance and administrative costs for one year, removing underutilized vehicles would result in on-going benefits. For example, we estimate that if they City removed the vehicles that were driven less than 3,000 miles per year, it could save up to $1.5 million[15] over the next five years for these annual expenses.

RECOMMENDATIONS

We recommend that Fleet:

3. Requests that departments voluntarily turn in vehicles that were driven less than 3,000 miles in Fiscal Year 2010/11.
4. Requests from departments written justifications for retaining specific vehicles that were driven more than 3,000 miles, but less than 6,000 miles in Fiscal Year 2010/11.

Alternatives to departmental ownership are in place and could reduce costs

In addition to having access to motor vehicles, City employees also have available several alternative modes of transportation. One convenient and cost effective alternative is to access the City Motor Pool. The Motor Pool allows employees to rent vehicles at various City sites and charge the rental fees back to the employees' respective departments. Under the program, employees book rentals online.

Fleet's Motor Pool program is already in use and could save the City money by shifting the use associated with underutilized department-owned vehicles to Motor Pool vehicles. Savings could be realized by departments turning in their low-use vehicles and not replacing them with new ones.

[13] The calculation was based on vehicle purchase prices for vehicles driven less than 3,000 miles in Fiscal Year 2010/11 and is believed to represent a conservative estimate of avoided replacement costs since buying similar new vehicles would likely be more expensive.

[14] If these vehicles would be removed, the City would likely not see a savings of these entire amounts as some of the costs would shift to other vehicles.

[15] This is based on costs to operate, maintain, and administer the vehicles remaining the same as they were in Fiscal Year 2010/11.

Furthermore, a reliance on the Motor Pool is in line with City policy. According to API #29, "pool vehicles shall serve as the primary source of transportation for general, short-term or occasional usage."

The following table provides some examples of Fleet's estimated costs as of April 2011 to replace specific vehicle classifications:

Exhibit 11: The City Could Avoid Paying The Following Replacement Costs By Vehicle Type

Vehicle Type	Costs to Replace
Vans (passenger)	$28,070
Trucks (compact)	$21,158
Sedans (midsize)	$19,229

Source: Generated from Fleet's Replacement Criteria worksheet

Such purchase costs could be avoided in the future if departments instead relied more heavily on the Motor Pool. The following exhibit shows the cost to rent various vehicles from the motor pool. According to the Fleet Manger, he would expect Motor Pool rental rates to decrease if the use of the pool increases:

Exhibit 12: Motor Pool Rentals Could Provide An Alternative To Departmental Ownership

Motor Pool Rates	Two Hours or less	Half Day	Day	Week	Month
Sedan	$10	$18.50	$37	$187	$839
Van (passenger)	N/A	$36.50	$73	$328	$1,313
Truck (compact)	N/A	$39.50	$79	$372	$1,200

Source: Generated from Fleet's Motor Pool rates

As explained above, we identified the costs to operate, maintain and administer vehicles that were driven less than 6,000 miles in Fiscal Year 2010/11. We compared the amounts for various mileage categories to determine how many rentals could be purchased for the same price as these costs. For the costs to operate, maintain and administer the vehicles that were driven 1,200 miles or less, City departments could rent the following number of sedans each work day[16] of the year: 52 two-hour rentals, 28 half-day rentals, or 14 full-day rentals. The following shows how many rentals can be purchased Citywide each work day during the year for the equivalent of annual ownership expenses for vehicles driven various mileage thresholds.

[16] This analysis is based on 250 work days as figured using the 2011 Payroll Calendar. The review counted only week days and excluded City holidays.

Exhibit 13: Citywide Costs To Own Could Be Shifted To Renting From The Motor Pool

Sedan Rental[17]	1,200 miles or less	3,000 miles or less	6,000 miles or less
Ownership Costs	$ 130,153	$308,671	$710,924
Two Hours/Work Day	52	123	284
Half Days/Work Day	28	67	154
Full Days/Work Day	14	33	77

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Fleet's Motor Pool rates, and Auditor's analysis

Although the exhibit above includes City-wide estimates, the application to individual departments will vary. The following shows how a department could benefit from removing some low-use vehicles and relying more on the City Motor Pool. The following shows six of Community Development Department's sedans that were driven the least in Fiscal Year 2010/11. On average, they were driven 2,588 miles during the year and cost a total of $21,299 for the period.[18] The figure shows how many half-day rentals could be purchased for the equivalent of the annual vehicle costs as well as the percent of days[19] during the year that a half-day rental could be purchased.

Exhibit 14: Departments Could Realize Benefits From Shifting To Motor Pool Use

ID	Vehicle	Miles Driven Fiscal Year 2010/11	Costs with Depreciation	Equivalent half-day rentals	Percent of work days covered
10078	2004 DODGE STRATUS	758	$2,594	140.20	56%
10761	2007 FORD FUSION	2,199	$3,486	188.42	75%
10011	2004 DODGE STRATUS	3,851	$3,491	188.71	75%
8555	1998 DODGE STRATUS	1,322	$3,552	191.99	77%
10953	2008 TOYOTA PRIUS	1,834	$3,742	202.25	81%
9930	2003 FORD TAURUS	5,566	$4,435	239.75	96%

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, vehicle cost information and Motor Pool rates, and Auditor's analysis

For the cost to own and operate these vehicles, the department could purchase the equivalent of half-day rentals for between 56 percent and 96 percent of work days. On average, these costs would equal renting each vehicle for half-day rentals 77 percent of work days. If the department expected to use some of the vehicles less than this amount, it could save money by relying more on the Motor Pool.

In addition to relying more on the Motor Pool, other alternative to departmental ownership exist. Specifically, API # 29 sets the policies related to the use of employee-owned vehicles for City business. It states that the use of these vehicles "shall be allowed and encouraged when such use is determined to

[17] Each entry is to be read independently. For example, for the $710,094 cost, departments could rent 284 two-hour rentals per day or 154 half-day rentals per day.
[18] Costs include operation and maintenance, administrative fees, and depreciation. Depreciation was included to account, on an annual basis, for the department's purchase of the vehicles.
[19] Figures are based on 250 work days per year.

be in the best interest of the City." The policy refers to the Travel Request and Reimbursement Policy, which states that the use of private vehicles will be reimbursed at the current Internal Revenue Service standard rate. Relying more on this alternative and the motor pool could yield savings.

The following shows the potential City savings based on paying mileage reimbursements for the above vehicles:

Exhibit 15: Reimbursing Employees For The Use Of Their Private Vehicles Could Save Money

ID	Vehicle	Miles Driven Fiscal Year 2010/11	Costs with Depreciation	Cost to reimburse	Savings if reimbursed
10078	2004 DODGE STRATUS	758	$2,594	$383	$2,211
10761	2007 FORD FUSION	2,199	$3,486	$1,111	$2,375
10011	2004 DODGE STRATUS	3,851	$3,491	$1,945	$1,546
8555	1998 DODGE STRATUS	1,322	$3,552	$668	$2,884
10953	2008 TOYOTA PRIUS	1,834	$3,742	$926	$2,816
9930	2003 FORD TAURUS	5,566	$4,435	$2,811	$1,625
Total		15,531	$21,299	$7,843	$13,456

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Fleet's vehicle cost information, IRS reimbursement rates, and Auditor's analysis

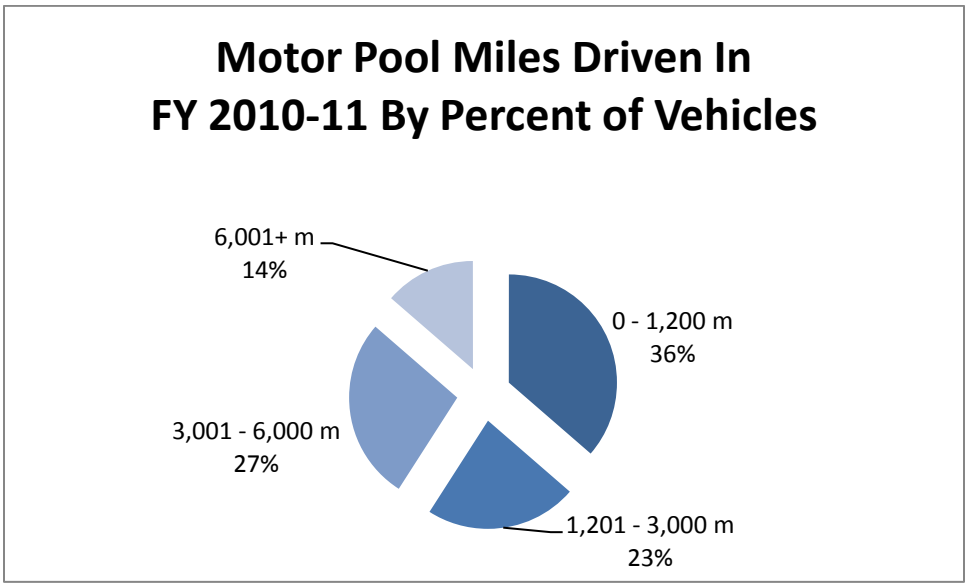
Based on the IRS rates during Fiscal Year 2010/11 and the number of miles driven, the City would have saved more than $13,000 for these six examples if it had reimbursed employees for the use of their personal vehicles instead of providing department-owned vehicles.

Some Motor Pool vehicles received limited rental use

As noted above, relying more on the Motor Pool could provide departments alternatives to owning and paying to maintain their low-use vehicles. To better understand the potential for shifting use to the Motor Pool, we evaluated recent Motor Pool use. Our review indicated that most light-duty vehicles in the Motor Pool were driven less than 6,000 miles in Fiscal Year 2010/11 and that many vehicles were not rented for several days.

The following shows the mileage breakdown of the 22 light-duty vehicles in the Motor Pool[20] that we analyzed:

Exhibit 16: Most Motor Pool Vehicles Reviewed Were Driven Less Than 6,000 Miles



Source: Generated from Fleet's Motor Pool report and Auditor's analysis

When we discussed Motor Pool use with the Fleet Manager, he said that he was aware that some pool vehicles were not driven often. He said that he did not want to remove them from the pool because he anticipated that pool vehicle use would increase if departments returned vehicles.

One of the reasons why the Motor Pool is likely not experiencing adequate use is because many City users currently have department-assigned vehicles that can accommodate intermittent needs. As long as the City allows departments to own significantly underutilized vehicles, the vehicle pool will likely also be underutilized and inefficient.

Fleet is charged with centrally managing the fleet, but the division is not empowered to remove vehicles that receive little use

As noted above, we identified opportunities to shift vehicles to ensure even use and to remove vehicles that received little use in Fiscal Year 2010/11. Our review found that Fleet faces limitations in managing the City fleet efficiently. Specifically, Fleet does not have the authority to take back vehicles that are underutilized. Instead, City departments that own vehicles decide if they will continue to use these vehicles.

While Fleet has urged departments to turn in low-use vehicles, the Fleet Manager has cited the lack of authority of his division as a challenge. He explained that departments do not have much of an incentive to turn in low-use vehicles. While departments pay administrative fees per vehicle per month and cover

[20] These Motor Pool vehicles were also counted above in the overall utilization analysis.

the operating and maintenance costs, they do not pay towards depreciation of vehicles.[21] He said that some disincentives for departments to keep low-use vehicles could include charging for depreciation and reducing or eliminating departments' budgets for vehicles that receive little use.

API 52 specifies that City fleet services will be centralized. It says that Fleet Management along with departments are responsible for standardizing the fleet and that the intent of this standardization is to operate efficiently. However, this policy or others do not specify a minimum vehicle use amount or set an expectation about appropriate vehicle use thresholds. Also, policies do not specify a process for removing vehicles that receive little use.

In the Fleet Management Division 2011 Business Plan, Fleet set as a goal to "maximize use of fleet/equipment City-wide." The plan calls for establishing a Fleet Utilization Review Board that will meet to review usage and develop utilization policies. According to the Fleet Manager, he envisions that the board will have the authority to establish minimum mileage requirements for departments' vehicles and to take back underutilized vehicles.

This is in line with recommendations from industry experts, which caution against owning and replacing underutilized vehicles. According to fleet management consultants Mercury Associates, those managing fleets should establish a usage review committee, set minimum annual utilization targets, and require justification for low-use units.

RECOMMENDATIONS

We recommend that Fleet:

5. Work with the City Manager's Office to establish a Fleet Utilization Review Board that is empowered to set minimum use standards and remove low-use vehicles.
6. Conduct annual reviews of Motor Pool use to evaluate pool needs.

[21] Depreciation is a method of allocating the costs of assets like vehicles over their estimated service lives and subtracting out their salvage values.

Finding II: While Fleet provides departments with vehicle use information, the division has not always adequately and accurately presented usage data to enable optimal decision making

According to API 52, Fleet along with departments is directed to manage the City fleet efficiently. In order to accurately evaluate efficient use, Fleet and departments require complete and accurate information in a format that is easy to understand and use. In an effort to facilitate this evaluation, the division has worked with departments to inform them of their underutilized vehicles and request that the departments return vehicles that do not meet adequate utilization. However, our review of the utilization information provided to the departments identified concerns with the information that should be rectified.

We found that:

- About 12 percent of vehicles reviewed contained substantial discrepancies in reported average miles driven
- Fleet has presented departments with usage data, but information has not always been accurate and a key metric fails as a measure of adequate utilization

Fleet needs to ensure its information is accurate if Fleet and the departments are to effectively manage the City's vehicles.

About 12 percent of vehicles reviewed contained substantial discrepancies in reported average miles driven

Our review of Fleet's Fiscal Year 2010/11 usage information found that some information was inaccurate. Specifically, there were discrepancies in average monthly usage data for some vehicles reviewed. We began examining this area more closely after noticing average mileage readings that appeared abnormal and data that indicated one vehicle had been driven negative miles. In response to questions, Fleet provided additional detailed mileage information that included various meter readings for when vehicles were fueled and serviced during the fiscal year. Using the detailed information, we compared Fleet's figures for the 823 light-duty vehicles reviewed to the miles determined through our analysis methods. While most figures matched or nearly matched Fleet's average numbers, we found discrepancies in excess of 100 miles per month for 101 vehicles or 12 percent of those reviewed. About 21 percent or 170 vehicles had discrepancies in average use of at least 50 miles per month.

In order to perform our above utilization analysis with more accurate information, we reviewed some of the largest discrepancies to better understand vehicles' usage. Specifically, it appeared as though drivers entering meter readings when fueling vehicles at City fuel pumps had entered wrong meter readings – sometimes figures that were more than 10,000 miles off. Additionally, there appeared to be system glitches in which some meter readings were counted incorrectly. For the mileage analysis in Finding I, we adjusted mileage to reflect the most accurate information reached through our comparisons. We adjusted vehicles with an average of 200 miles or more per month difference. This category included 55 vehicles or about 7 percent of the 823 vehicles analyzed.

While these adjustments allowed us to conduct our review, it led to concerns. Specifically, not having accurate usage information undermines the City's ability to efficiently manage the fleet. As noted above, we found discrepancies in average use of at least 100 miles per month for 12 percent of vehicles. This means that approximately one of every eight vehicles had substantial discrepancies. The following shows some examples of average miles per month that were adjusted after reviewing discrepancies along with the reasons for the changes:

Exhibit 17: Some Mileage Information Was Adjusted After Reviewing Detailed Usage Data

Unit	Year Make Model	Average From Fleet	Adjusted Average	Reason
11348	2006 CHEVROLET TRAILBLAZER	496	1,132	Inconsistent meter entries
9203	2001 GMC SAFARI	-1,957	304	Meter entry in 60,000s when mileage was in 30,000s range
11310	2009 CHEVROLET MALIBU	5,387	2,029	Inconsistent meter entries
10676	2007 PONTIAC GRAND PRIX	534	784	Outliers of several thousands

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

As shown above, some discrepancies led to underestimates of use while others led to overestimates. According to Fleet staff, the division is reviewing its data and analysis methods and believes that the installation of equipment on vehicles that automatically transmit meter readings when vehicles are driven near City fueling sites should increase accuracy. While automating readings and reviewing data for accuracy are promising developments, it is important to ensure on an ongoing basis that key information is accurate. This is especially important as the division works with departments to determine which vehicles can be rotated or removed.

RECOMMENDATIONS

We recommend that Fleet:

7. Conduct periodic reviews of Fleet data to ensure information captured and reported is accurate.

Fleet has presented departments with usage data, but information has not always been accurate and a key metric fails as a measure of adequate utilization

Fleet provides departments with reports about their vehicle use. Utilization reports include vehicle information like meter readings, average monthly use, operating costs, and z-scores (measures of standard deviation). According to Fleet, the z-score is a useful metric that helps identify utilization that is outside of normal use. Almost all vehicles in the fleet are given a z-score that ranges from -3 to +3. Vehicles with z-scores of -1.5 or less are considered underutilized and those with z-scores of 1.5 or greater are deemed over utilized. Z-scores between these thresholds are considered normal use.

While this metric has some potential benefit, as it identifies vehicles within the class that are used significantly more or less than those in its class, it does not necessarily translate to a meaningful measure of vehicle use since it does not set a standard for how many miles a vehicle in a certain class should be driven each year. The measure could lack meaning, if for example, most vehicles in a classification received little use.

The following table illustrates how the z-score can fail to identify underutilization since z-scores only compare vehicles within their specific groups. Assuming the vehicle class in question has a replacement criteria of 10 years and 100,000 miles, the target annual utilization would be 10,000 miles per year. The following exhibit shows two groups with different usages. Group 1 averages 10,000 miles per year while Group 2 averages just 1,000 per year.

Exhibit 18: The Z-Score Method Does Not Adequately Identify Underutilized Vehicles

	Group 1 10,000 Average Use		Group 2 1,000 Mile Average	
	Average Use	Z-Score	Average Use	Z-Score
Car #1	5,550	(1.94)	555	(1.94)
Car #2	9,000	(0.44)	900	(0.44)
Car #3	9,100	(0.39)	910	(0.39)
Car #4	9,500	(0.22)	950	(0.22)
Car #5	9,500	(0.22)	950	(0.22)
Car #6	9,750	(0.11)	975	(0.11)
Car #7	10,100	0.04	1,010	0.04
Car #8	10,500	0.22	1,050	0.22
Car #9	13,000	1.31	1,300	1.31
Car #10	14,000	1.74	1,400	1.74

Source: Auditor's analysis using Excel's descriptive statistics tools

As shown in the table above, most of the vehicles in Group 1 and Group 2 reflect z-Scores that indicate normal use despite all the vehicles in Group 2 being used significantly below the target 10,000 miles per year. Furthermore, all of the vehicles driven in Group 2 fall several thousand miles below what the Fleet Manager considers a reasonable minimum amount of miles driven in a year.

The following information shows some examples of vehicles that had little use in Fiscal Year 2010/11, but had reported z-scores that were considered normal usage:

Exhibit 19: Some Vehicles Had Normal Z-scores, But Little Use

Unit	Vehicle	Annual Mileage[22]	Z-score
9894	2003 FORD EXPEDITION	4,428	-1.38
8599	1998 FORD CRN VIC PI	408	-1.2
10799	2007 FORD FOCUS SE	2,940	-1.01
10282	2005 DODGE STRATUS	3,528	-0.92

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information and Auditor's analysis

In addition to concerns about the meaningfulness of the measure, classifying vehicles as "underutilized" based on this metric does not necessarily provide departments with useful guidance. Specifically, while a department could rotate the use of vehicles with low z-scores with those with higher z-scores, it would be unclear to what extent the shift should occur to bring the z-scores into a normal range.

In Finding I, we analyzed use in terms of the replacement standards by vehicle type and identified vehicles at different minimum mileage use thresholds. Reporting utilization information in either of these ways would likely provide departments more helpful information about rotating the use of vehicles or turning in low-use vehicles. The following shows a hypothetical report about how such information could be presented:

Exhibit 20: Sample Quarterly Report For Similar Vehicles Expected To Be Driven At Least 6,000 Miles Per Year

Vehicle	Expected Quarterly Use	Actual Use	Actual-Expected	Projected Annual Use	Projected - 6000
A	1,500	150	(1,350)	600	(5,400)
B	1,500	1,450	(50)	5,800	(200)
C	1,500	1,000	(500)	4,000	(2,000)
D	1,500	2,000	500	8,000	2,000
E	1,500	1,600	100	6,400	400

Source: Auditor's analysis

In this example of a first quarter report, the department could evaluate vehicles' actual use to expected use to determine if vehicles should be shifted or removed from the fleet. Additionally, planners could review projected usage for the year. Here are some possible conclusions based on this data:

- Vehicle A has received little use during the first quarter. Unless this vehicle is expected to be used extensively later in the year, the department could consider returning it.
- Vehicle B falls just short of the expected use. While probably no action is warranted at this point, the department should re-evaluate usage with future quarterly reports.

[22] Annual Mileage is projected based on the reported monthly average.

- Vehicle C was driven 500 miles less than expected and Vehicle D was driven 500 miles more than expected. It could make sense to switch these vehicles to even out use.
- Vehicle E appears to be on track to be driven at least 6,000 miles. The department should continue to monitor utilization with future quarterly reports.

Presenting meaningful and simple utilization information frequently, like the sample report above, will help departments and Fleet better manage City vehicle use.

RECOMMENDATIONS

We recommend that Fleet:

8. Create more meaningful and simpler measures of appropriate utilization than the z-score method. Such analysis could include tracking mileage driven to expected mileage, aligning time with mileage standards, or other factors that Fleet determines are meaningful.
9. Report this information frequently to departments.

Finding III: The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost

According to the City's Employee Transportation policy, "City vehicles may be assigned to individuals when essential to the City for public safety, on-call assignments, and other special or emergency assignments." An individual may be assigned overnight retention (take-home use) of a City vehicle when it is deemed in the public interest and the task(s) to be performed requires immediate response during off-duty hours. However, our review of the City's fleet of take-home vehicles raises concerns regarding the City's assignments of take-home vehicles. Specifically we found:

- The City does not have a take-home vehicle policy;
- The Sacramento Police Officers Association made informal arrangements with Labor Relations to provide take-home vehicles
- The City currently allows 243 take-home vehicles, of which over 90 percent are assigned to police personnel
- Some employees who are assigned a take-home vehicle may have failed to report the benefit as taxable income

Although we recognize that there may be legitimate needs for some take-home vehicle assignments, it appears that take-home approvals were granted to individuals that are not required to provide immediate after hour response or fill an essential City need. Furthermore, given the current economic environment and ongoing budget woes, the City should reevaluate whether it can afford to continue to provide this benefit to employees.

The City does not have a take-home vehicle policy

It is not uncommon for an employer to allow employees to take their assigned vehicles home when certain conditions are met. However, the City does not currently have detailed criteria for determining when to assign take-home vehicles. Instead, the City relies on several documents that must be pieced together to generate an understanding of the City's take-home vehicle practices.

Specifically, in order to generate an understanding of the City's take-home vehicle practices, one would need to refer to Sacramento's Civil Service Rules, API 29: City Employee's Transportation Policy and Procedures, Sacramento labor agreements, and Sacramento letters of understanding (LOUs).[23] The following highlights some key language referred to in these documents.

> According to Civil Service Rule 13.3[24] "…employees having custody of City vehicles, must reside within thirty-five (35) air miles from the freeway interchange at W-X, 29th-30th

[23] LOUs are documents that set labor terms in addition to labor agreements.

[24] According to a 2009 LOU, the requirement to live within this 35-mile requirement for Police officer and sergeants was waived. However, the assignment of take-home vehicles is still restricted to those who live within 35 air miles.

Streets, so as to provide the citizens of this City with an effective response capability to emergencies."

API 29: City's Employee Transportation Policy states, "City vehicles may be assigned to individuals when essential to the City for public safety, on-call assignments, and other special or emergency assignments." An individual may be assigned overnight retention (take-home) of a City vehicle when it is deemed in the public interest and the task(s) to be performed requires immediate response during off-duty hours.

Sacramento's Unrepresented Resolution[25] states, "The City Manager /Charter Officers may authorize overnight home retention of City vehicles for public safety assignments, on-call assignments, and other special or emergency assignments."

Sacramento Police Officers Association labor agreement states, "The City will provide a twenty-four (24) hour retention vehicle for canine transportation to and from work, and other related police travel."

Various Local 39 labor agreements state, "It is the understanding of the parties that the City retains the right to eliminate, at any time, the overnight retention of City vehicles for employees in the Units represented by the Union upon fifteen (15) days notice to the employee."

Although the references above are useful in providing guidance for the City's take-home vehicle assignments, incorporating additional details could be helpful in establishing clear criteria for approving costly take-home vehicle privileges. Fleet Answers, an online resource that provides industry best practices, developed a sample take-home vehicle policy that details suggested language for governing the assignment of take-home vehicles. Fleet Answers' sample take-home policy restricts take-home vehicles to employees who live 20 miles or less from their assigned headquarters. They also include language for charging employees for take-home vehicle costs associated with commutes stating, "All management employees designated as Emergency Response Employees, who as part of their job responsibilities are required to take a Company vehicle home, will be charged an amount representative of the fleet operating rate ($.20 per mile running cost) for the round trip of the employee on each normal business day to and from his/her home and work headquarters."

Common criteria for allowing an employee to take an employer's vehicle home include but are not limited to:

1. The employee is on call
2. The employee lives within a reasonable distance from their reporting location
3. The position has a proven history of frequent call backs

In reviewing the take-home practices of other entities, we learned that Sacramento County recently re-evaluated its take-home vehicle practices. In 2008, the County had between 850-900 take-home vehicles. Since its reevaluation, it has reduced its take-home vehicles to approximately 420. This

[25] This is the labor agreement for employees who are not represented by a union.

decrease came after the Sacramento County Board of Supervisors, in an effort to reduce expenses, requested information on take-home vehicle costs. In response to the Board, the County's Director of General Services formed a fleet utilization committee to review take-home vehicles and fleet utilization.

The County's vehicle policy states that "overnight assignments are only to be considered for specific events, limited term projects, or unique circumstances." It explains a question that must be asked when assigning a take-home vehicle: "is it more efficient for the employee to go directly to the event or project site, and if so, do they need a County vehicle to perform their job?" The policy further states that overnight assignments shall be kept to a minimum and there shall not be permanent home-retention assignments.

Under the County policy, assignments of take-home vehicles are used for emergencies or after-hour responses for callouts that occur within the County on a regular basis (six to eight times per month on average). Callouts must be logged and reported to Fleet. In July 2009, the County limited its take-home vehicle boundary in order to ensure that employees had an adequate response time. The policy reduced the distance around County borders from 20 miles to 10 miles.

As noted previously, the City has an established transportation policy. While the policy provides some guidance for take-home assignments, it would be beneficial to the City for the City Manager's Office to update this policy to establish clear criteria for approving, assigning, and removing take-home vehicles. Having such policy information in place could act as an authoritative document that consolidates take-home information from various City documents.

RECOMMENDATIONS

We recommend that the City Manager's Office:

10. Revise the City's transportation policy to consolidate City direction and enhance criteria for allocating take-home vehicles.
11. Require employees who receive a take-home vehicle to maintain a log of call back events.

The Sacramento Police Officers Association made informal arrangements with Labor Relations to provide take-home vehicles

As discussed earlier, there are various City documents that currently refer to the City's take-home vehicle practices. They generally indicate that take-home vehicles are to be assigned for emergencies when immediate responses are needed. However, in addition to the need for urgent responses, Police take-home vehicles are assigned based in many cases on rank. Specifically, the Police Chief informed us that Captains and above have had take-home cars for over 30 years. Furthermore, he added that on two separate occasions, the Police Officers Association negotiated with the City's Labor Relations Department to grant take-home vehicles to officers and sergeants assigned to detective positions and to lieutenants that lived within 35 miles from the center of the City (in line with the Civil Service Rule noted above). When asked if these terms were documented in Labor Agreements or subsequent Letters of Understanding, the Police Chief informed us that the arrangements had never been documented in

writing. As a result of these arrangements, the Police Department has approved more than 200 take-home vehicle assignments.

As noted above, take-home vehicles are commonly assigned to employees who are on call. While some Police officers with take-home vehicles were on call during Fiscal Year 2010/11, according to Police, about 47[26] percent of those with take-home vehicles were not designated on-call duty during any part of the year. When asked how frequently officers were called in, the Police noted that they did not track that specific information. However, they were able to provide information on call back incidents. Police noted calling in teams of officers approximately 192 times during the year, but the department did not know how many individuals were called in to respond to these incidents.

Benefits such as take-home vehicle privileges are often memorialized in labor agreements and policy. Sacramento labor agreements include language that explicitly notes that these types of informal arrangements will not be honored. Specifically, the agreement with the Sacramento Police Officers Association states, "If, during its term, the parties hereto should mutually agree to modify, amend or alter the provisions of this Agreement in any respect, such change(s) shall be effective only when reduced to writing and executed by the authorized representative of the City and the Association. Any such changes validly made shall become a part of this Agreement and subject to its terms." According to the Labor Relations Manager, any enforceable agreement between a labor union and the City requires that it be memorialized in labor agreements or LOUs. He added that an agreement that is not memorialized would be inconsistent with current Labor Relations Division practices.

The unorthodox way in which theses arrangements took place warrants further review. We have informed the City Attorney's Office of these informal agreements and asked for a review to advise the City on how it may proceed.

This above example points to a need to formally document terms related to City take-home vehicles. Doing so will clarify the expectations related to the use of these vehicles. As noted previously, labor agreements with members of Local 39 state that the City has a right to remove take-home vehicles after providing notice. Other governments have similar language in their labor agreements. For example, the City of San Jose has language in its labor agreement with its Police officers that states, "The City has the sole and absolute right to determine the nature and type of, assign, reassign, revoke assignments of or withdraw assignments of, City equipment, including motor vehicles, to or from employees during, after, or before hours of duty, without consultation or meeting and conferring with the employee affected or the San Jose Police Officers' Association representing such employee."

If changes to labor agreements are to be made, they should be documented, publically disclosed, and executed per the terms of the agreement.

[26] According to the Police Chief, some officers that are not designated "on call" do respond to afterhours emergencies. However, the department currently does not have a mechanism to identify and quantify the frequency of individual officer call-backs.

RECOMMENDATIONS

We recommend that the City Attorney's Office:

12. Review the details of the undocumented arrangements with Police and advise City Council about its options.

We recommend that the City Manager's Office:

13. Work towards incorporating into all City labor agreements language that clearly states the City's rights and authority over vehicle assignments and removals.

The City currently allows 243[27] take-home vehicles, of which over 90 percent are assigned to police personnel

Many jurisdictions have recently faced added pressure to evaluate their take-home vehicle practices as a potential cost reduction strategy. Our review of the City's fleet information identified 243[28] take-home vehicles. Using the aforementioned guidance, the City has approved about 10 percent of the 243 take-home vehicles reviewed to Community Development Department (CDD), Department of Transportation (DOT) and Fire. The remaining 90 percent of take-home vehicles are assigned to police personnel as shown in the table below.

Exhibit 21: Most Take-home Vehicles Are Assigned To Police

Row Labels	DOT	CDD	FIRE	POLICE	Total
COMPACT TRK	4	2		5	11
FULL TRK			1	2	3
MOTORCYCLE				17	17
PASS VAN				9	9
PASSENGER		5	4	139	148
POLICE CAR				29	29
SUV	1	1	7	17	26
Grand Total	5	8	12	218	243

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Police's take-home analysis and Auditor's analysis

Advocates of allowing take-home vehicle assignments voice several benefits to this practice such as lowering maintenance costs and improving the vehicle condition due to greater care by the driver. Some claim take-home vehicles help relieve parking congestion, serve as a visible crime deterrent in the community (for marked public safety vehicles), and enable improved emergency response. Although there may be some validity to some of these claims, most of them are difficult to prove or quantify.

[27] This total excludes utilities.

[28] After conducting our analysis, we became aware of additional take-home vehicles that we were not able to incorporate into the review.

Arguments against allowing take-home vehicles include that a take-home vehicle program results in the need for a larger fleet, exposes the employer to liability during the commute, accelerates wear/tear and vehicle replacement needs, and can result in significant fuel costs. Allowing take-home vehicles also creates an opportunity for an employee to use the vehicle for personal use.

As noted above, we reviewed 243 vehicles in our analysis. However, as some of the assignment, cost and use data was not available in Fleet's information, we were not able to analyze all take-home vehicles. Given the information available, we were able to estimate cost and use data associated with approximately 209 take-home vehicles. We estimate that the 209 vehicles reviewed were driven approximately 3.2 million miles in Fiscal Year 2010/11, cost more than $1 million to maintain, operate and fuel, and about $5 million to purchase and prepare. The following exhibit details by department the use and cost.

Exhibit 22: Take-home Vehicles Cost More Than $1 Million To Operate Per Year

Department Name	# Take-Home	Annual Miles Driven	Annual O&M + Fuel	Purchase and Prep Cost
DOT	4	43,283	$ 29,999	$ 82,422
CDD	8	97,552	$ 33,007	$ 149,661
FIRE	10	113,746	$ 34,013	$ 293,772
POLICE	187	2,930,298	$ 930,741	$ 4,463,110
Grand Total	**209**	**3,184,879**	**$ 1,027,759**	**$ 4,988,965**

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Police's take-home analysis and Auditor's analysis

To estimate the potential cost associated with commuting, we estimated the number of miles driven by take-home vehicles for commuting, and calculated the proportionate cost associated with commuting. As noted in the table below, we estimate that approximately 48 percent of take-home vehicles' mileage was associated with employees' commutes. We estimate that commuting in take-home vehicles resulted in more than $450,000 in costs associated with maintenance, operation and fuel, and more than $370,000 in depreciation costs.

Exhibit 23: Take-home Vehicle Commute Costs Exceeded $800,000 Per Year

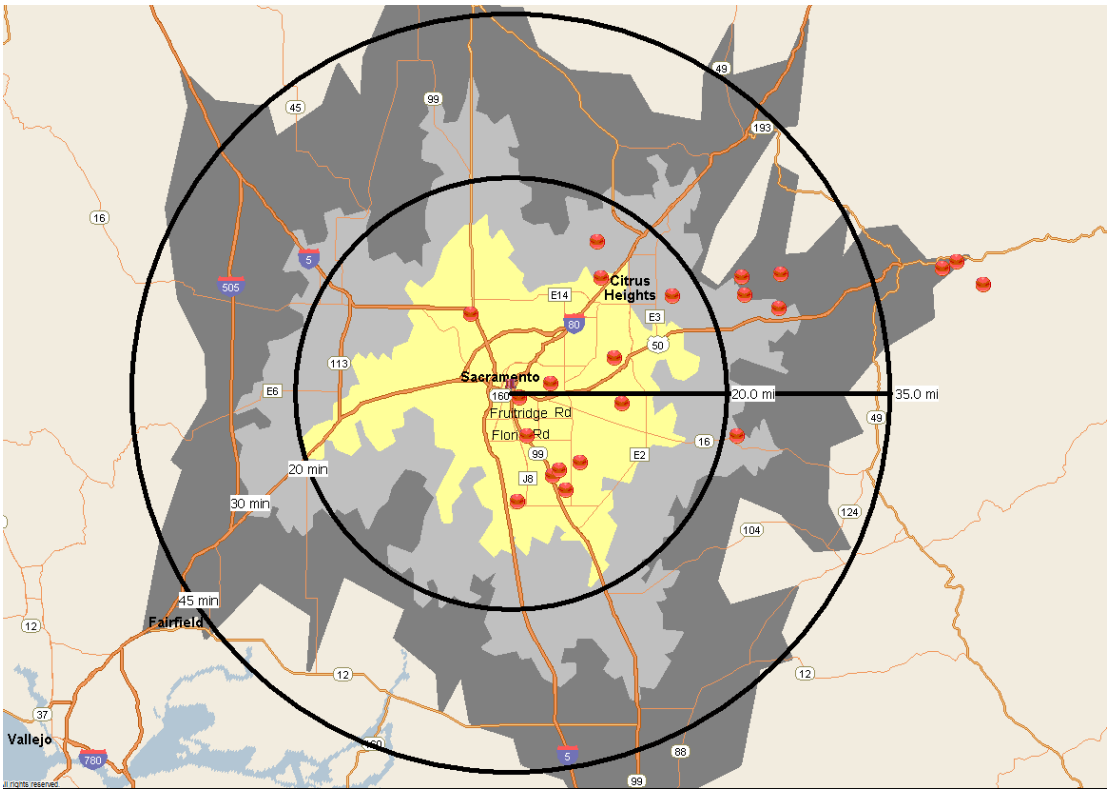
Department Name	# Take-Home	Estimated Annual Commute Miles	Annual Commute Related M&O + Fuel	Annual Commute Related Depreciation Costs	Estimated Annual Commute Cost
DOT	4	29,172	$ 18,087	$ 4,576	$ 22,662
CDD	8	39,656	$ 13,068	$ 5,853	$ 18,921
FIRE	10	84,176	$ 18,421	$ 22,805	$ 41,226
POLICE	187	1,373,241	$ 406,043	$ 340,088	$ 746,130
Grand Total	**209**	**1,526,245**	**$ 455,618**	**$ 373,321**	**$ 828,940**

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Police's take-home analysis and Auditor's analysis

As noted earlier, the City may assign a take-home vehicle when it is deemed in the public interest and the task(s) to be performed requires immediate response during off-duty hours. Given the emphasis on response time and distance, we created the following maps[29] that depict the commute distances for many of the City's take-home vehicles. Specifically, the map illustrates a 20 and 35 mile radius (black line) from the freeway interchange at W-X, 29th-30th Streets.[30] The map also illustrates drive time estimates to the interchange of 20 minutes[31] or less in the yellow area, 20-30 minutes in the light grey area, and 30 to 45 minutes in the dark grey area.

The first map shows the approximate home locations of employees with take-home vehicles from CDD, DOT, and Fire[32]. The next map shows the approximate home locations of Police employees with take-home vehicles. Home locations are marked with red dots.

Exhibit 24: Non Police Take-home Vehicle Proximity to Interchange



Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, eCaps reports, and Auditor's analysis

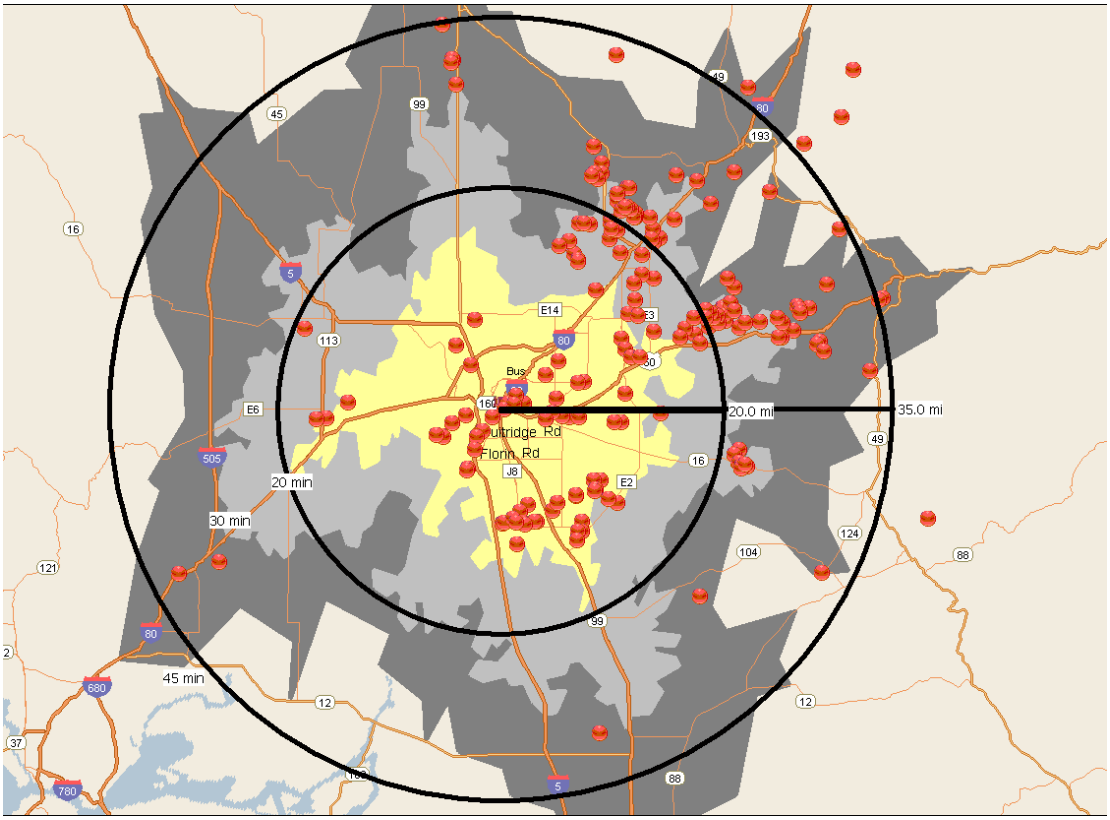
[29] Due to the lack of some addresses and employee assignment information, we were not able to map all take-home vehicle locations

[30] 35 mile outer limit set by the Civil Service Rule

[31] Times were calculated using Microsoft MapPoint's drivetime zones tool.

[32] According to the Fire department, Fire employees with take-home vehicles who live beyond 35 miles from the interchange park their vehicles at other agencies' fire stations or facilities within the perimeter. However, we did not verify this practice.

Exhibit 25: Police Take-home Vehicle Proximity to Interchange



Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Police's take-home analysis, eCaps reports, and Auditor's analysis

As shown in the maps, many of the City's take-home vehicles are within the 20 mile radius and 20 minute drive to the center of the City. However, as take-home vehicles are taken further out from the center of the City, inevitability response time and costs associated with commuting increases. The following table identifies the number of take-home vehicles that are located in excess of 20 miles from the interchange and the estimated commute costs for the groups.[33]

[33] Due to the lack of addresses and employee assignment information, we were not able to map or include the estimated costs for all take-home vehicles that were driven 20 miles or more for commutes.

Exhibit 26: Commutes For Employees Living 20 Miles Or More From The City Center Costs The City More Than $400,000 Per Year

Mile Range	# of Vehicles	Estimated Cost Avoidance
20-25	53	$ 218,931
25-30	20	$ 84,913
30-35	12	$ 77,339
35-40	4	$ 24,832
40+	5	$ 49,213
Total	**94**	**$ 455,229**

Source: Generated from Fleet's Fiscal Year 2010/11 vehicle information, Police's take-home analysis, eCaps reports, and Auditor's analysis

As there are costs associated with allowing employees to take vehicles home, the City should reevaluate the reasonableness of the distance criteria to ensure that take-home vehicles are only assigned to those who are able to respond immediately during off-duty hours.

RECOMMENDATIONS

We recommend the City Manager:

14. Enforce the current take-home vehicle distance limitation that restricts take-home vehicle assignments to employees that live within thirty-five (35) air miles from the freeway interchange at W-X, 29th-30th Streets.
15. Work towards reducing the allowable distance for assigning a take-home vehicle so as to promote reasonable response times to emergency call backs.

Some employees who are assigned a take-home vehicle may have failed to report the benefit as taxable income

Internal Revenue Service (IRS) regulations require the City to include in employee's taxable income the value of having overnight retention of certain employer-provided vehicles. This is a "fringe benefit," and generally fringe benefits are considered part of employees' gross incomes. In order for the City to meet its reporting obligation, the Finance Department requests that department heads and division managers provide a list of all employees who were assigned a take-home vehicle over the course of the year. For those who were assigned a take-home vehicle, the Finance Department asks that employees fill out a form that helps them determine if they have reportable IRS tax liabilities.

While public safety personnel are generally exempt from the tax liability, most non public safety employees with take-home vehicle privileges likely should be reporting the value of their take-home benefits. However we found that several of the City's employees have not reported an IRS tax liability. In fact, it appears that in 2010 only employees of the Department of Utilities considered the use of City provided take-home vehicles as reportable benefits.

Our review showed that some employees who had take-home vehicles did not provide Finance with tax liability forms. Additionally, other employees indicated that they were exempt from the tax liability because they 1) drove either a marked Police or Fire vehicle or 2) an unmarked vehicle used by law enforcement officers. Based on the positions of these employees, it appears that some of the claims for exemptions may be inaccurate.

Since it is the City's responsibility to accurately report the tax liability to the IRS, the City should assess if employees are self reporting their exemption from the tax liability correctly. Furthermore, in order to ensure that the City more accurately reports this IRS tax liability, the Finance Department should enhance its current process by adding more information about the tax liability to the form and references to IRS information that could provide employees more guidance. Specifically, Finance's form includes two methods for assessing tax liability on these vehicles. However, according to IRS publications, there are three different ways to assess tax liability that depend on various requirements. To ensure that employees are completing this form correctly, all three methods should be included on the form.

Additionally, Finance should work with the City Manager's Office to incorporate a cross reference to a comprehensive list of assigned take-home vehicles. The comprehensive list should be the product of the coordinated efforts of the City Manager's Office and the Department of General Services, which currently has the most complete list of take-home vehicle assignments.

RECOMMENDATIONS

We Recommend that Finance:

16. Update its form to fully capture different methods of reporting tax liability and add relevant references to IRS publications.
17. Work with the City Manager's Office and Fleet to compile an annual list of take-home vehicles.
18. Work with the Attorney's Office to determine if the City is accurately reporting the IRS liability.

Appendix A

Vehicles driven less than 6,000[34] miles in Fiscal Year 2010/11 by Department

City Attorney's Office				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
8373	1,051	Sedan	63,610	13.8
9175	4,082	Sedan	46,065	10.3

Community Development Department				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
10059	496	Truck	26,910	7.0
10941	728	Truck	20,845	3.5
10078	758	Sedan	18,473	7.0
8555	1,322	Sedan	77,518	13.0
9502	1,495	Truck	78,054	9.1
10849	1,594	Truck	34,115	3.6
10836	1,751	Truck	24,899	3.8
10064	1,772	Truck	40,563	6.9
10953	1,834	Sedan	9,860	3.6
10761	2,199	Sedan	20,493	4.0
10069	2,438	Truck	42,269	7.0
10060	2,448	Truck	29,921	7.0
10373	2,503	Truck	36,716	5.6
10639	2,986	Truck	33,644	4.5
9712	2,989	Truck	47,034	8.3
10001	3,176	Truck	52,947	7.3
10011	3,851	Sedan	37,029	7.3
10383	4,014	Truck	32,927	5.6
10581	4,143	Truck	32,276	4.8
10864	4,326	Truck	31,376	3.8
10576	4,692	Truck	43,883	4.8

[34] Only light-duty vehicles under the General, Fleet Management, and Risk funds are included. Miles driven in FY 2011 are based on monthly average use during the period.

9718	5,000	Truck	66,402	8.2
10855	5,215	Truck	25,680	3.8
8857	5,513	Truck	93,000	12.0
9930	5,566	Sedan	88,719	7.9
10091	5,887	Truck	36,243	7.0

Convention Culture & Leisure				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
9504	7	Truck	69,358	9.1
10386	4,098	Truck	29,189	5.5

Fire				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
9186	-	Truck	29,746	10.2
9911	923	Van	19,281	8.0
9815	1,542	Sedan	41,823	8.1
9821	1,699	Sedan	40,112	7.6
10015	1,797	Sedan	17,119	7.3
9137	2,076	Sedan	65,538	10.2
8954	2,244	Van	69,767	10.6
9138	2,333	Sedan	71,687	10.2
11384	2,489	Truck	3,233	0.3
11383	2,776	Truck	3,389	0.3
9466	2,777	Van	70,994	9.2
9565	3,215	Sedan	59,244	9.0
9136	3,775	Sedan	90,518	10.2
10738	3,930	Sedan	20,543	3.9
9912	4,133	Van	35,971	8.0
10250	4,438	SUV	97,936	5.8
10660	4,923	Sedan	31,196	4.1
9800	5,148	SUV	135,323	7.8
10014	5,578	Sedan	74,472	7.3

10663	5,984	Sedan	27,754	4.2

General Services				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
8839	-	Van	18,725	12.0
9038	-	Van	31,685	10.4
9170	-	Truck	72,831	10.3
9713	-	Truck	56,560	8.2
10362	27	Truck	32,142	5.8
9164	43	Truck	52,648	10.2
9786	43	Truck	21,818	8.2
9562	101	Sedan	39,418	8.8
9566	101	Sedan	31,126	9.0
9560	107	Sedan	25,085	8.9
9176	113	Sedan	44,439	10.2
9569	324	Sedan	33,259	9.0
10032	467	Sedan	25,249	7.1
9811	504	Sedan	28,633	8.2
11111	565	Van	1,725	2.6
8145	572	Truck	56,229	14.9
10916	708	Van	5,165	3.6
9867	714	Van	9,897	8.1
10882	1,195	Van	9,460	3.8
10817	1,453	Truck	20,535	3.9
10361	1,541	Truck	34,361	5.8
9167	1,588	Truck	32,925	10.2
9808	1,608	Truck	35,910	8.2
9729	2,000	Truck	41,908	8.3
10805	2,048	Truck	25,117	4.0
10038	2,373	Truck	39,524	6.8
11155	2,421	Truck	9,090	2.6
10819	2,437	Truck	11,296	3.9
10739	2,460	Sedan	13,152	4.1

9861	2,480	Sedan	39,480	8.1
9813	3,102	Sedan	36,142	8.2
10661	3,103	Sedan	22,359	4.5
9862	3,218	Sedan	47,697	8.1
10359	3,407	Truck	18,734	5.6
10341	3,458	Truck	39,516	5.9
10740	3,484	Sedan	13,740	4.1
9568	3,783	Sedan	39,878	8.9
11112	4,075	Van	7,032	2.8
9559	4,191	Sedan	49,678	9.0
10363	4,223	Truck	17,451	5.9
10337	4,511	Truck	63,105	5.9
8937	4,813	Truck	66,520	10.6
9517	5,483	Truck	56,204	9.0
10360	5,521	Truck	47,785	5.7

Human Resources				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
8519	-	Truck	80,801	13.1
8829	366	Sedan	40,446	12.0
7622	694	Truck	90,317	16.9
9766	2,817	Sedan	93,287	7.4
8840	2,873	Van	32,343	12.0
10901	3,946	Truck	15,480	3.6
10544	4,423	Truck	23,467	5.1
8847	4,528	Van	43,840	12.0

Parks & Recreation				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
9481	18	Truck	52,926	9.2
8934	560	Truck	83,853	10.6
9292	1,117	Truck	69,156	9.7

11363	1,240	Truck	1,643	0.3
10202	1,930	Van	20,522	6.8
9482	1,950	Truck	50,020	9.2
8933	2,045	Truck	94,467	10.6
8966	2,189	Truck	102,051	10.8
10201	2,351	Van	20,488	6.8
10883	3,214	Van	13,249	3.7
9174	3,498	Truck	67,055	10.3
9203	3,648	Van	37,733	9.3
8931	3,699	Truck	80,887	10.6
11033	3,996	Truck	22,246	3.1
10380	4,970	Truck	45,218	5.7
10932	5,074	Truck	14,093	3.5
9852	5,365	Van	48,522	8.1
10381	5,782	Truck	42,211	5.7
10834	5,798	Truck	31,015	3.8

Police

Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
9435	-	Motorcycle	61,520	7.8
9437	-	Motorcycle	49,920	7.8
9835	-	Motorcycle	54,016	6.9
10233	-	Sedan	108,655	6.5
8946	73	Truck	140,335	10.5
9441	80	Motorcycle	66,042	7.1
11110	82	Van	1,125	2.9
6988	151	Van	72,579	19.9
9639	174	Sedan	125,782	8.3
11108	188	Van	4,441	2.7
9717	494	Truck	74,139	8.3
9634	523	Sedan	90,548	7.5
9271	548	Sedan	81,695	9.1
9434	688	Motorcycle	70,951	8.6

9438	779	Motorcycle	71,666	7.8
10990	783	Sedan	5,123	2.9
11282	851	Sedan	24	0.4
10756	989	Sedan	102,970	3.3
10102	996	Sedan	70,158	6.8
8767	1,132	Sedan	59,276	12.4
9465	1,232	Sedan	20,732	8.8
9462	1,315	Sedan	10,771	8.8
7614	1,547	Van	106,249	16.8
9743	1,638	Sedan	74,824	7.8
11233	1,752	Sedan	4,272	0.2
9745	1,774	Sedan	92,732	7.8
9603	2,070	Sedan	114,224	8.7
10225	2,281	Sedan	92,154	6.4
8950	2,356	Truck	122,724	9.0
9254	2,393	Sedan	161,724	10.1
8632	2,475	Sedan	85,809	12.7
9836	2,569	Motorcycle	59,299	6.9
10704	2,601	Sedan	87,951	3.9
9570	2,697	Sedan	102,694	8.8
11285	2,724	Sedan	3,836	0.4
10647	2,760	Truck	40,697	4.5
9764	2,893	Sedan	61,959	7.4
10799	2,934	Sedan	10,555	4.0
8838	3,040	Van	162,732	11.8
9442	3,123	Motorcycle	69,906	6.9
11283	3,145	Sedan	1,526	0.4
9762	3,160	Sedan	82,880	7.5
9848	3,174	Sedan	64,337	7.6
10451	3,190	Motorcycle	69,280	5.4
9444	3,213	Motorcycle	53,856	6.9
9382	3,233	Sedan	146,823	9.0
10193	3,318	Sedan	46,155	6.7
8841	3,367	Van	79,866	12.0

10191	3,384	Sedan	94,870	6.7
9100	3,447	Sedan	132,316	10.6
9837	3,468	Motorcycle	68,756	6.9
9996	3,493	Sedan	117,952	7.1
10282	3,534	Sedan	40,653	6.1
8865	3,743	Truck	48,777	11.4
9302	3,914	Sedan	104,762	8.0
8574	4,004	Sedan	129,874	13.0
9556	4,065	Sedan	50,337	8.8
9443	4,209	Motorcycle	45,143	6.9
9384	4,270	Sedan	141,754	8.9
9632	4,287	Sedan	168,476	8.7
9894	4,428	Truck	107,591	7.5
9865	4,434	Van	49,530	8.1
8572	4,463	Sedan	85,729	13.0
10223	4,559	Sedan	149,556	6.4
9106	4,586	Sedan	145,429	10.0
9464	4,621	Sedan	37,170	8.8
9844	4,624	Sedan	89,461	7.6
9999	4,679	Sedan	189,715	7.1
10159	4,692	Van	59,038	6.3
10400	4,783	Sedan	132,111	5.4
10307	4,790	Sedan	42,446	5.3
9810	4,813	Sedan	46,691	8.3
10977	4,920	Sedan	37,986	3.2
9295	4,948	Truck	53,348	9.5
9841	5,052	Sedan	79,686	7.6
11281	5,087	Sedan	1,964	0.3
9031	5,170	Sedan	90,591	9.7
10272	5,222	Sedan	110,635	6.1
9851	5,258	Sedan	69,714	7.5
9105	5,471	Sedan	142,701	10.0
10906	5,514	Sedan	38,589	3.5
10179	5,523	Sedan	105,397	6.7

10452	5,562	Motorcycle	59,378	5.4
9549	5,892	Sedan	99,907	8.3
10080	5,970	Sedan	42,197	6.6

Technology				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
10889	2,246	Truck	10,817	3.6
9486	5,547	Truck	48,049	8.6

Transportation				
Unit ID	Miles Driven FY11	Type	Meter FY11 End	Years in Service
8532	1,126	Truck	37,090	13.1
10640	1,894	Truck	15,492	4.4
9564	2,024	Sedan	20,632	8.9
8828	2,141	Sedan	46,536	12.0
9714	2,280	Truck	58,024	8.2
10279	2,343	Sedan	20,669	6.1
9722	2,511	Truck	39,022	8.2
9730	2,547	Truck	19,839	8.3
9561	2,576	Sedan	35,594	8.9
10374	2,737	Truck	12,053	5.6
8976	2,763	Truck	75,830	10.5
9945	3,050	Truck	31,842	7.5
9155	3,063	Truck	36,457	10.3
10002	3,090	Truck	41,404	7.2
10290	3,230	Truck	20,455	6.0
9918	3,362	Truck	63,804	7.7
10641	3,410	Truck	28,837	4.5
9720	3,594	Truck	93,251	8.2
8545	3,729	Truck	83,257	13.1
8312	3,742	Truck	82,401	14.0
10922	3,800	Truck	16,365	3.5

11064	3,863	Sedan	10,982	3.1
9716	3,907	Truck	111,633	8.2
10385	4,003	Truck	28,901	5.7
10969	4,131	Truck	19,155	3.2
9159	4,150	Truck	39,779	10.3
10659	4,235	Truck	25,984	4.5
9817	4,450	Truck	46,276	8.2
9158	4,752	Truck	99,318	10.2
9401	4,965	Van	67,991	9.4
9477	5,275	Truck	125,960	9.2
10570	5,303	Truck	29,966	5.0
10943	5,541	Truck	21,846	3.5
10930	5,602	Truck	18,610	3.6
10382	5,616	Truck	38,839	5.7
10825	5,949	Truck	39,392	3.8
10295	5,959	Truck	40,224	6.0

Appendix B

Description of Fleet's Abbreviations:

Fleet Abbreviation	Vehicle Definition
2 WHEEL DRIVE UTILITY	2 wheel drive sport utility
4 WHEEL DRIVE	4 wheel drive sport utility
MOTORCYCLE POL	Police motorcycle
SDN,POL,JUNKER	Undercover police sedan that was purchased used
SDN ,STD UC POLICE	Sedan standard full size undercover police
SDN, INTERMEDIATE	Sedan intermediate
SDN, LT COMPACT (MIDSIZE)	Sedan compact
SDN, POLICE B/W	Police car
SDN, STD FIRE MARKED	Sedan standard fire marked
SDN,INT FIRE MARKED	Sedan intermediate fire marked
SDN,INT UC POLICE	Sedan intermediate undercover police
SUV, PUBLIC SAFETY	Public safety sports utility vehicle
TRK, COMPACT, STD	Truck compact standard
TRK, STD PU 2WD	Truck standard body 2 wheel drive
TRK, VAN PASS	Passenger van
TRK,VAN PASSENGER	Passenger van
TRUCK, STAN BODY 2WD	Truck standard body 2 wheel drive
WAGON, PD MARKED	Police wagon

Source: Fleet's category codes

DEPARTMENT OF
GENERAL SERVICES

OFFICE OF THE DIRECTOR

CITY OF SACRAMENTO
CALIFORNIA

5730 - 24th Street, Building One
Sacramento, CA 95822-3699

Phone: 916-264-5011
Fax: 916-399-9263

November 30, 2011

To: Jorge Oseguera, City Auditor

From: Reina J. Schwartz, Director, Department of General Services

Re: Response to Audit of City Light Duty Vehicle Use

I want to thank the Office of the Auditor for a very thorough audit of City Light Duty Vehicle Use. The audit was conducted professionally and will be a useful document for continuous improvement.

Below are my detailed responses. Where the response incorporates comments from multiple departments, those departments are identified.

With respect to the Audit Findings:

Finding 1: **Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in one-time and future benefits generated through avoided vehicle replacement.**

- Some of the vehicles with fewer than 6,000 miles may be specialized equipment or other mission-critical equipment which cannot be turned in despite the relatively low miles traveled.
- As identified in footnote 14, the potential O&M savings identified in Exhibit 10 will likely not be fully achieved as many of the miles and operational impacts from the under-utilized vehicles will be transferred to other vehicles in the fleet rather than being eliminated.

Finding 2: **While Fleet provides departments with vehicle use information, the division has not always adequately and accurately presented usage data to enable optimal decision making**

- Until 2011, the City's Fleet Management software systems were not set up to provide detailed, automated data. This limited the division's ability to provide adequately detailed information to customer departments.
- Within the last year, the division has implemented a number of system and data-keeping improvements including implementation of automated meter readings via

the fuel system and an upgrade to our main Fleet management system. These system improvements provide the Fleet division and customer departments with significantly more (and more reliable) data.

Finding 3: **The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost**

- Assignment of take-home vehicles is handled at the discretion of individual Department Heads and is not handled in a centralized fashion by the Fleet division.

With respect to the Audit Recommendations:

Recommendation No.1: We recommend that Fleet work with departments to find opportunities for rotating vehicles to ensure more even use.

DGS Fleet Management (DGS FM) Response: DGS FM concurs with this recommendation. The recent completion of the Fleet Management System upgrade with the fuel system interface permits wireless data collection of odometer readings, greatly reducing the inaccuracies in equipment utilization reporting. Reporting systems have been developed and implemented to enable DGS FM and their customer departments to regularly monitor vehicle utilization and identify opportunities for rotating, reassigning, or sharing vehicles.

Recommendation No. 2: We recommend that Fleet conduct a review of replacement standards in order to ensure that the time and mileage requirements are realistic and set efficient targets.

DGS FM Response: DGS FM concurs with this recommendation. DGS FM will review and analyze the current time and mileage cycles for the fleet equipment classifications examined for this audit finding. Recommendations will be developed to establish optimal replacement cycles and alternative financing mechanisms to achieve most cost effective total life cycle cost possible with a planned implementation time-frame of FY2012/13.

Recommendation No. 3: We recommend that Fleet requests that departments turn in vehicles that were driven less than 3,000 miles in Fiscal Year 2010/11.

DGS FM Response: DGS FM concurs with this recommendation. DGS FM at the direction of the City Manager will work with departments to evaluate and reassign as appropriate those vehicles that were identified as traveling fewer than 3,000 miles during Fiscal Year 2010/11. Some low-mileage vehicles may be retained by departments due to specialized needs.

Recommendation No. 4: We recommend that Fleet requests from departments written justifications for retaining specific vehicles that were driven more than 3,000 miles, but less than 6,000 miles in Fiscal Year 2010/11.

DGS FM Response: DGS FM at the direction of the City Manager will work with departments to evaluate and reassign as appropriate those vehicles that were identified as traveling between

3,000 and 6,000 miles during Fiscal Year 2010/11. Some low-mileage vehicles may be retained by departments due to specialized needs. Customer departments are strongly encouraged to utilize the city's motor pool and rental car services contract for peak and seasonal transportation needs to enable further reductions of underutilized "spare" vehicles by customer departments.

Recommendation No. 5: We recommend that Fleet work with the City Manager's Office to establish a Fleet Utilization Review Board that is empowered to set appropriate minimum use standards and remove low-use vehicles.

City Manager's Office/DGS FM Response: The City Manager's Office supports the creation of minimum use standards for City vehicles and will convene an ad hoc interdisciplinary task force to set and review vehicle use standards. The task force will be convened by the City Manager's Office to meet as needed. DGS FM will provide support to the City Manager's Office and to the task force.

Recommendation No. 6: We recommend that Fleet conduct annual reviews of Motor Pool use to evaluate pool needs.

DGS FM Response: DGS FM concurs with this recommendation. Following the turn in of underutilized vehicles, the city's motor pool and car share system will be evaluated semi-annually for right sizing based on consistent demand and cost competitiveness to the State of California co-op purchasing contract for rental car services that the city uses to supplement the "in house" motor pool.

Recommendation No. 7: We recommend that Fleet conduct periodic reviews of Fleet data to ensure information captured and reported is accurate.

DGS FM Response: DGS FM concurs with this recommendation. DGS FM has implemented a Fleet Business Intelligence (FBI) Reporting System. The recent completion of the Fleet Management System upgrade with the fuel system interface permits wireless data collection of the odometer readings thus greatly reducing the chances of human error previously experienced with manual odometer reading data entry at the fuel pumps. It is anticipated that by the end of Fiscal Year 2012 all light duty vehicles not designated and budgeted to be replaced by Fiscal Year 2013 will be installed with the vehicle identification boxes required to enable this functionality for the light duty fleet equipment examined in this report. Additionally, the new FBI reporting system now enables DGS FM and the customer departments to regularly monitor and identify odometer reporting anomalies requiring verification and correction to assure the accurate reporting of vehicle utilization.

Recommendation No. 8: We recommend that Fleet create more meaningful and simpler measures of appropriate utilization than the z-score method. Such analysis could include tracking mileage driven to expected mileage, aligning time with mileage standards, or other factors that Fleet determines are meaningful.

DGS FM Response: DGS FM concurs with this recommendation. DGS FM has implemented a Fleet Business Intelligence (FBI) reporting system that has enabled Fleet Management to

regularly report and monitor fleet equipment utilization versus pre-established minimum utilization target thresholds. The z-score method of utilization reporting has been discontinued with the advent of the new reporting system.

Recommendation No. 9: We recommend that Fleet report this information frequently to departments.

DGS FM Response: DGS FM concurs with this recommendation. Fleet customer departments have been trained on accessing the FBI reporting portal on the city's intranet. Fleet utilization, fuel consumption, and associated O&M expenditures will be available to customer departments to review and monitor by the fifteenth day of the following month.

Recommendation No. 10: We recommend that the City Manager's Office revise the City's transportation policy to consolidate city direction and clarify criteria for allocating take-home vehicles.

City Manager's Office/DGS FM Response: The City Manager's Office supports a review of the existing employee transportation policy to clarify policies regarding take-home vehicles with an emphasis on reducing the number and cost of take-home vehicles across the City. Fleet Division will support the City Manager's Office in this review.

Recommendation No. 11: We recommend that the City Manager's Office require employees who receive take-home vehicles to maintain a log of call back events.

City Manager's Office/DGS FM Response: The City Manager's Office supports this recommendation and will clarify requirements for employees who receive take-home vehicles. Fleet Division will support the City Manager's direction in response to this recommendation.

Recommendation No. 12: We recommend that the City Attorney's Office review the details of the undocumented arrangements with Police and advise the City Council about its options.

DGS FM Response: n/a

Recommendation No. 13: We recommend that the City Manager's Office work towards incorporating into all City labor agreements language that clearly states the City's rights and authority over vehicle assignments and removals

City Manager's Office/DGS FM Response: The City Manager's Office supports uniform policies and procedures for fleet usage across the City. These policies may be captured in labor agreements or other documents as appropriate. Fleet division will support the City Manager's Office and Human Resources Department with any data required to implement this recommendation.

Recommendation No. 14: We recommend the City Manager enforce the current take-home vehicle distance limitation that restricts take-home vehicle assignments to employees that live within thirty five (35) air miles from the freeway interchange at W-X, 29th-30th Streets.

City Manager's Office/DGS FM Response: The City Manager's Office supports this recommendation. Fleet division will support the City Manager's Office and Human Resources Department with any data required to enforce the current Civil Service Board rule establishing the location boundary for take-home vehicles.

Recommendation No. 15: We recommend the City Manager work towards reducing the allowable distance for assigning a take-home vehicle so as to promote reasonable response times to emergency call backs.

City Manager's Office/DGS FM Response: The City Manager's Office supports this recommendation. DGS FM will support the City Manager's Office and Human Resources Department with any data required to determine and implement reasonable response times.

Recommendation No. 16: We recommend that Finance update its form to fully capture different methods of reporting tax liability and add relevant references to IRS publications.

Finance/DGS FM Response: Finance agrees with the recommendation and will add relevant references to IRS publications for the current year form. In conjunction with recommendations 17 and 18, Finance will update the form to capture the lease value rule option for the 2012 reporting year. Fleet division will support the Finance Department with any data required to meet tax reporting requirements.

Recommendation No. 17: We recommend that Finance work with the City Manager's Office and Fleet to compile an annual list of take-home vehicles.

City Manager's Office/Finance/DGS FM Response: The City Manager's Office supports this recommendation. Finance agrees with the recommendation and will work with the Fleet Manager to obtain the list of take-home vehicles and the associated fair market values. Finance will use this list to provide the lease value rule option for 2012.

Recommendation No. 18: We recommend that Finance work with the Attorney's Office to determine if the City is accurately reporting the IRS liability.

Finance Response: Finance agrees with the recommendation and will work with the Attorney's Office to determine if the City is accurately reporting the IRS liability.

Once again, I would like to thank the Office of the Auditor for their professional efforts performing this review. I look forward to implementing the recommendations and subsequent reviews by the Office of the Auditor.

c:
John Shirey, City Manager

DEPARTMENT OF POLICE

CHIEF OF POLICE
RICK BRAZIEL

DEPUTY CHIEFS
SAM SOMERS, JR.
BRIAN LOUIE

CITY OF SACRAMENTO
CALIFORNIA

5770 FREEPORT BLVD., SUITE 100
SACRAMENTO, CA
95822-3516

PH 916-808-0800
FAX 916-808-0707
www.sacpd.org

November 30, 2011
Ref: COP 11-18

MEMORANDUM

TO: Jorge Oseguera, City Auditor

FROM: Rick Braziel, Chief of Police

SUBJECT: Fleet Audit Response

The Sacramento Police Department continues to welcome any effort to reduce fleet-related costs. We at the Police Department have already enacted numerous cost saving measures, saving over $1,000,000 of General Fund expenses including:

- Eliminating central fleet fueling charges. Where once we were billed over $734,000 in fleet-related fueling charges, officers and staff now absorb routine service inspections and fueling functions.
- Reduction of maintenance costs. The Police Department, working in conjunction with City Fleet, has established a pilot project for the routine service and warranty work for designated vehicles. The project has initially been quite successful, with service-related costs of those targeted vehicles being reduced by 60%.
- Using non-general funds for large fleet purchases. We recently used a combination of grant funding and other non-general fund money to replace a necessary SWAT vehicle that was in disrepair, saving the general fund over $300,000.
- Reducing expenses for newly purchased vehicles. We have started to purchase smaller, more fuel efficient vehicles whenever possible, reducing not only fuel cost, but the initial acquisition and reoccurring service expenses as well.
- Additional cost savings measures. The Police Department has looked at numerous other areas to reduce fleet-related expenses. We have saved fuel cost by having officers work two-person cars when possible, eliminated unnecessary tows for service vehicles and reuse any available parts when available..

In response to the City Auditor's Report (2011-05), we would like to address each of the three main findings:

1) Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement.

   The Police Department is currently aggressively self-auditing its fleet to return all non-contractual, unnecessary, underutilized vehicles. After an initial assessment of the underutilized vehicles supplied by the Auditor, the department has already identified 38 vehicles to be returned. The remaining vehicles are being retained by the department as a functional or cost saving measure. Some of these vehicles include black and white patrol cars that were being used to facilitate the testing of the new computer system. Those vehicles have been recirculated for use in day to day patrol assignments. Other vehicles, both passenger cars and motorcycles, are used for training where the wear and tear on a newer vehicle would not be cost effective. Of the retained vehicles, the department will keep a small number of pool vehicles, enabling the department to return multiple, lower utilized vehicles.

   It should be noted that the Police Department has a history of fiscally responsible fleet management and has a substantially lower rate of underutilized vehicles than most other departments. The report identified approximately 17% of all police vehicles as underutilized (85 of 490). After the previously mentioned return of underused vehicles, that number will drop to under 10%. This is significantly lower than all other large departments (General Services (44 of 56/79%), Transportation (37 of 86/43%), Community Development (26 of 80/33%) and Fire (20 of 55/36%).

   Despite these relatively low numbers, the Police Department is committed to eliminating all underutilized vehicles absent exigent circumstances.

2) While Fleet provides departments with vehicle use information, the division has not always adequately and accurately presented usage data to enable optimal decision-making.

   The Police Department looks forward to working with Fleet to establish relevant tools that will enable the Police Department to track its resources in the hopes of reducing unnecessary expenses.

3) The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost.

   The Police Department strives to follow all relevant policies, as well as those required from existing agreements with various labor groups. Since most all City provisions for the allowance of take-home cars have a public safety component, it should be expected that the majority of the City's take-home vehicles are housed within the Police Department. Per API 29, "City vehicles may be assigned to individuals when essential to the City for public safety, on-call assignments, and other special or emergency assignments." Additional provisions allow for the (previously) unrepresented employees being allowed retention vehicles for public safety assignments, as well as canine officers to have a retention vehicle.

   Regarding the distance from which personnel with take-home cars are required to reside, the Police Department follows the existing Civil Service Rules. All employees that are currently

placed in any position where they might possibly be provided with a home retention vehicle are required to live within the predesignated mileage limit from Sacramento.

Whenever the cost of retention vehicles is discussed, public safety should be the primary consideration. Recently, there was a late night hostage incident in South Sacramento. Several officers were called in to assist, including the SWAT Team and Hostage Negotiators. A quick response by specialized personnel enabled the Police to verify that the suspect was in a house, surround the house, and eventually remove and arrest the suspect without incident.

These call-outs are not unique. The Police Department examined the call-out history for the SWAT Team, Homicide Unit, Explosive Ordinances, Traffic (fatalities), and Hostage Negotiations. We found that just those five units accounted for 192 call-outs over a 12-month period. Each of these "call-outs" typically involves a team of officers to respond (call-outs can vary from just a few individuals to in excess of 30). The underlying theme with each of these units is that they provide specialized personnel to increase the effectiveness of the police operation to reduce the likelihood of citizen, suspect, and officer injury, and significantly reduce the potential liability for the City and Police Department.

The Police Department has enacted numerous strategies to save the City significant General Fund expenses in regards to on-call pay. We intentionally keep a limited number of employees "on-call" with the understanding that those with retention vehicles will respond as needed, regardless of their "on-call" status. This enables the department to keep a very small number of employees on-call (approximately 4%). Many employees, such as Lieutenants, receive no "on-call" pay, although almost every call-out requires one or more Lieutenants to respond. The limited on-call pay policy was in effect this past August when there was a stranger home invasion/rapist series in North Sacramento. Despite there being only one on-call Sexual Assault Detective, the Police Department was able to muster a group of people to respond to the initial scenes, and later coordinate a team of seven detectives to ultimately serve an early morning search warrant on the suspect. This coordination and teamwork resulted in the apprehension and arrest of a violent suspect who had terrorized North Sacramento. This limited "on-call" designation is not only functional, but has saved the City approximately $219,000 annually.

The Police Department is tracking retention vehicle usage so that we can better illustrate its day to day operational benefits of improving public safety.

The Police Department has, and will continue, to balance the needs of our Department to provide the people of Sacramento with a sufficient level of public safety while being fiscally responsible.

Sincerely,

Rick Braziel
Chief of Police

RB:jb