

15. Automotive and Mobile Equipment Management

- The Recreation and Park Department's management of its vehicle fleet has been inadequate. The Recreation and Park Department has not ensured that the Department's vehicles maintained by the Central Shops received preventive maintenance on a timely basis. The Central Shops have not performed the scheduled preventive maintenance on 44 of the 81 general purpose vehicles, or 54.3 percent. The lack of preventive maintenance could result in estimated increased vehicle maintenance costs of \$88,582 to \$132,874 annually. Also, the Department of Administrative Services Central Shops has not transferred five of the Department's 81 general purpose vehicles to the City's Fleet Management program, as required by the Administrative Code, through an oversight.
- The Recreation and Park Department has not repaired or otherwise followed up on a March 9, 2005 Department vehicle accident for more than nine months. Although the driver of the non-City vehicle was at fault in the accident and that driver's insurance company tried to discuss settlement with Recreation and Park Department staff, the Department has not followed through on repairing the Department's damaged vehicle or seeking reimbursement from the non-City driver's insurance company. The Recreation and Park Department should seek \$5,735 in reimbursement from the insurance company to cover the cost of the Department's vehicle repairs and the Department's employee's lost work time.

Background

The Recreation and Park Department is currently assigned a total of 655 vehicles and pieces of mobile equipment. Of the 655 vehicles, 81 are general-purpose vehicles, defined as non-emergency response automobiles, and light-duty trucks and vans, and the remaining 568 are special-purpose vehicles or pieces of equipment such as flatbed trucks, tractors, backhoes, forklifts, mowers, street sweepers, and turf vehicles. Included in the Recreation and Park Department's general-purpose fleet are 18 sedans, but no sports utility vehicles.

For FY 2005-2006, the Recreation and Park Department has work ordered \$1,359,461 to Central Shops for maintenance of its vehicle fleet, including \$84,700 for maintenance of the Department's general-purpose vehicles under the City's Lease – Charge Back Program administered by the Director of Administrative Services. The remaining \$1,274,761 is allocated for maintenance of Golf Fund equipment located at Harding Park

(\$248,186)¹ and maintenance of the Department's non-general-purpose equipment (\$1,026,575).

The Purchasing and Contract Administration Division performs fleet administration services, such as tracking equipment and issuing documents for the repair of equipment involved in accidents, for the Recreation and Park Department. That Division's FY 2005-2006 objectives for fleet management are as follows:

- Implement a Memorandum of Understanding that includes performance measures with Central Shops for maintenance and repair of the department's equipment.
- Have a complete and accurate inventory report of all of the Department's equipment.
- Develop and implement regulations and procedures for all maintenance and repair operations.

The Employee Pull Notice Program

The California Highway Patrol is responsible for regulating the safe operation of certain types of vehicles. Accordingly, the California Highway Patrol has instituted safety programs covering vehicle maintenance requirements and a State driver license Employer Pull Notice Program for all drivers who are required to possess a Class A or Class B driver license. Each of the Recreation and Park Department's operating divisions operates vehicles that require driver enrollment in the Employer Pull Notice Program. An employer enrolled in the Employer Pull Notice Program is assigned a requester code. The requester code is added to an employee's driver license record. When an employee's driver license is updated to record an incident, a check is made electronically to determine if an employer pull notice is on file. If the incident is one that the California Highway Patrol reports under the Employer Pull Notice Program, a driver record is generated and mailed to the employer. The California Highway Patrol periodically checks sites required to be in the safety programs in order to determine compliance with the requirements.

The Budget Analyst evaluated the Recreation and Park Department's Employer Pull Notice Program in order to determine whether required employees are enrolled and whether the individual Driver Record Information is current, and detected no deficiencies or shortcomings in the Program.

The City's Fleet Management Program

Section 4.10-1 of the Administrative Code, *City-Owned and Leased Vehicles; Fleet Management Program*, provides for a Fleet Management Program to be administered by the Director of Administrative Services. All general-purpose vehicles owned, leased, or rented by the City are eligible for participation in the Program.

¹ The Harding Park funding can only be used for the maintenance and repair of Harding Park vehicles. The \$248,186 cannot be used for the servicing other Recreation and Park Department vehicles.

Salient features of the Fleet Management Program are as follows:

- The legislation mandates that *all* general-purpose vehicles “are hereby transferred to the jurisdiction of the Director of Administrative Services.”
- The Director of Administrative Services has primary authority over general-purpose vehicles but may assign such vehicles for use by City officers and departments.
- The Director of Administrative Services shall adopt rules and regulations implementing the Fleet Management Program, “including rules covering: terms, conditions, and fees for assignment of vehicles by the Department of Administrative services to individual City officers and departments, vehicle maintenance programs; and vehicle replacement plans.”²
- Fees charged, “shall be used to pay for acquisition and replacement of vehicles, maintenance and repair, and other costs of administering the program.”
- “The Director of Administrative Services may make appropriate provision for vehicles previously acquired using special, dedicated or otherwise restricted funds.”
- The Director of Administrative Services is empowered to “establish, maintain and operate an automobile pool, the location of which shall be subject to the approval of the Board of Supervisors by resolution ... Vehicles now or hereafter allocated to any department ... shall be transferred to the jurisdiction [of] the Purchaser of Supplies for assignment to and use in the automobile pool, whenever such transfer shall be authorized and directed by resolution of the Board of Supervisors.”

The Director of Administrative Services reports that no Recreation and Park Department general-purpose vehicles are assigned to a City automobile pool because of the distant location of the Department’s vehicles.

Although Section 4.10-1 of the Administrative Code incorporates *all* general-purpose vehicles into the Fleet Management Program, as of the writing of this audit report, Central Shops had not transferred five of the Recreation and Park Department’s 81 general-purpose vehicles to the Fleet Management Program. The Manager, Central Shops, has stated that the five vehicles were not transferred to the Fleet Management Program because of an oversight, and that the transfer would be made in the very near future.

² The Director of Administrative Services has established a Lease – Charge Back Program, whereby departments participating in the Fleet Management Program lease their general purpose vehicles from the Director of Administrative Services and are charged periodic lease payments to cover the maintenance of the vehicle, an administrative fee of \$10 per vehicle, and a cost element to cover the eventual replacement of the vehicle.

Non-compliance with Scheduled Preventive Maintenance Inspections

As of November 28, 2005, 44 of 81 or 54.3 percent of the general-purpose vehicles maintained by Central Shops for the Recreation and Park Department were overdue for the six-month preventive maintenance lubrication and service. Numerous general-purpose vehicles last completed a preventive maintenance service in June of 2004, over one year ago.

Preventive maintenance is maintenance performed on equipment at specified time or operating intervals, such as monthly or every 1000 hours of operation. Six month preventive maintenance inspections ensure that vehicles are safe, are repaired economically before major maintenance is required, and preserve the useful life of vehicles. Central Shops reports that expected savings due to effective preventive maintenance programs average between 12 and 18 percent annually, which based on the Recreation and Park Department's automotive and mobile equipment maintenance budget of \$1,359,461 for FY 2005-2006, including Harding Park Golf Course (\$248,146), amounts to savings of between \$88,582 and \$132,874, annually, applying the 54.3 percent overdue rate of general-purpose vehicles to the entire fleet.

Improper Disposition of a Vehicle Involved in an Accident

A tour of the Structural Maintenance Division's yard area revealed a 1999 Ford Ranger, identification number 651Y402, vehicle parked in the lot normally reserved for the privately owned vehicles of Maintenance Division staff. The vehicle had major damage. The Budget Analyst was informed that the vehicle was involved in an accident on March 9, 2005, and had been towed to the Structural Maintenance Division's yard.

The police accident report includes a statement by the non-City driver that "he [the non-City driver] was traveling West on California St. approaching Divisadero St. when he inadvertently entered in the intersection against a red signal light." The accident report file indicates that the City driver was unable to work for approximately one week and was placed on restricted duty for a period of two weeks following his return to work.

The Budget Analyst has been advised that the non-City driver's insurance company attempted to contact someone within the Recreation and Park Department concerning a settlement, but was not successful in getting a response.

Thus, nine months have passed since the March 9, 2005, accident, but the Recreation and Park Department has not repaired or made other disposition on the vehicle. Further, the Recreation and Park Department has not obtained compensation for what appears to be a straightforward settlement for damage to the vehicle, and other compensation. The value of the lost work week for the City driver, who is a Classification 7346 Painter, is approximately \$1,443 in basic salary and mandatory fringe benefits. The mid-range value of the 1999 Ford Ranger is \$4,292. Therefore, the Recreation and Park Department should seek reimbursement in the amount of \$5,735, as a minimum.

The Recreation and Park Department and Central Shops continue to list the Ford Ranger in the active inventory of vehicles.

Funding for Vehicle Maintenance

The Budget Analyst has been advised that the maintenance turnaround time for mowers is excessive. The Budget Analyst contacted the Manager, Automotive Shop, who provides maintenance for automotive equipment to the Recreation and Park Department on a work order basis. The Manager, Automotive Shop, informed the Budget Analyst that currently the typical turnaround time for small mowers is approximately four weeks, and that he considers a turnaround time of three to five days to be reasonable. The Manager, Automotive Shop, reports that turnaround time is beginning to improve because he recently filled a position that had been occupied by a person out on worker's compensation.

The Manager, Central Shops, reports that there has been a general decline in the automotive maintenance service provided to the Recreation and Park Department and that reason for the overall decline is that the Recreation and Park Department has provided insufficient work order funding. Table 15.1 below shows the amounts of work order funding and the number of supported pieces of equipment for FY 2005-2006 compared to FY 2000-2001, excluding Harding Park Golf Course, which is separately funded.

Table 15.1

**Work Order Funding to Central Shops
Excluding Harding Park Golf Course,
FY 2005-2006 Compared to FY 2000-2001**

Fiscal Year	Amount Appropriated (Nominal Dollars)	Amount Appropriated (Adjusted Dollars)	Pieces of Equipment Supported
2005-2006	\$1,111,275	\$982,745	1,498
2000-2001	<u>1,229,955</u>	<u>1,229,955</u>	<u>1,343</u>
		\$247,210	
Increase (Decrease)	(\$118,680)		155

As shown in Table 15.1, in the five-year period between FY 2000-2001 and FY 2005-2006, the number of pieces of equipment supported by Central Shops increased by 155 or approximately 11.5 percent, while funding in nominal dollars,³ decreased by \$118,680 or approximately 9.6 percent. Adjusting the FY 2005-2006 amount of \$1,111,275 to reflect

³ Nominal dollars are amounts that have not been adjusted to remove the effect of changes in the purchasing power of the dollar.

purchasing power in FY 2000-2001 dollars yields \$982,745, using the consumer price index tables for all urban consumers. Thus, in terms of purchasing power, between FY 2000-2001 and FY 2005-2006, the work load increased by approximately 11.5 percent, but the resources for performing the automotive and equipment maintenance service, in real dollars, decreased by \$247,210 or approximately 20.1 percent (from \$1,229,955 in FY 2000-2001 to \$982,745 in FY 2005-FY 2005-2006).

The Budget Analyst is not recommending that the Recreation and Park Department increase work order funding to Central Shops, which is a management decision for the Recreation and Park Department based on competing resource needs. However, the Recreation and Park Department should be aware that in real dollars, work order funding to Central Shops for automotive and mobile equipment maintenance has decreased over the specified five-year period, while the workload has increased, significantly.

Conclusions

Because 44 of the Department's 81 general-purpose vehicles are currently overdue for scheduled preventive maintenance inspections, the Recreation and Park Department is diminishing the benefits of such inspections, which are safe vehicles, economic repairs before major maintenance is required, and preserving the useful life of vehicles. Central Shops reports that expected savings due to effective preventive maintenance programs average between 12 and 18 percent annually, which based on the Recreation and Park Department's automotive and mobile equipment maintenance budget of \$1,359,461 for FY 2005-2006, including Harding Park Golf Course (\$248,146), amounts to savings of between \$88,582 and \$132,874 annually, applying the 54.3 percent overdue rate of general-purpose vehicles to the entire fleet.

The fact that the Recreation and Park Department has not repaired or made other disposition on a vehicle involved in an accident nine months ago denotes the need for emphasis on taking timely action concerning incidents such as vehicle accidents. Further, the Recreation and Park Department has not obtained compensation for what appears to be a straightforward settlement for damage to the vehicle, and perhaps other compensation. The value of the lost work week for the City driver, who is a Classification 7346 Painter, is approximately \$1,443 in basic salary and mandatory fringe benefits. The mid-range value of the 1999 Ford Ranger is \$4,292. Therefore, the Recreation and Park Department should seek reimbursement in the amount of \$5,735, as a minimum.

Recommendations

The Recreation and Park Department General Manager should:

- 15.1 Emphasize the importance of complying with preventive maintenance inspection schedules.
- 15.2 Ensure that proper disposition is made of the 1999 Ford Ranger that was involved in an accident on March 9, 2005, including pursuing monetary settlement for the vehicle damage and for the lost work time of the City worker. Further, emphasize the importance of taking timely action on incidents, such as vehicle accidents.

The Manager, Central Shops, should:

- 15.3 Transfer the five general-purpose Recreation and Park Department vehicles that are currently not a part of the Fleet Management Program into the Program.

Costs and Benefits

The Budget Analyst's recommendations can be accomplished with existing staff in-house. The benefits of the recommendations would include better vehicle maintenance, awareness of the need for timely action on incidents such as vehicle accidents, and proper enrollment of vehicles in the Fleet Management Program.

With regard to the March 9, 2005 vehicle accident, the value of the lost work week for the City driver, who is a Classification 7346 Painter, is approximately \$1,443 in basic salary and mandatory fringe benefits. The mid-range value of the 1999 Ford Ranger is \$4,292. Therefore, the Recreation and Park Department should seek reimbursement in the amount of \$5,735, as a minimum.

Central Shops reports that expected savings due to effective preventive maintenance programs average between 12 and 18 percent annually, which based on the Recreation and Park Department's automotive and mobile equipment maintenance budget of \$1,359,461 for FY 2005-2006, including Harding Park Golf Course (\$248,146), amounts to savings of between \$88,582 and \$132,874 annually, applying the 54.3 percent overdue rate of general-purpose vehicles to the entire fleet.