

11. Automotive and Mobile Equipment Management

- As of March 14, 2005, 30 of 99 general purpose vehicles maintained by Central Shops for the Department, or approximately 30.3 percent, were overdue for the six-month preventive maintenance inspection. One of the vehicles had been overdue for the preventive maintenance inspection since November 19, 2004. Proper preventive maintenance is required to meet or exceed the expected useful life of a vehicle and to avoid costly repairs, thereby achieving savings in maintenance and replacement costs.
- The California Highway Patrol is responsible for regulating the safe operation of certain types of vehicles and 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 Department's operating divisions operates numerous vehicles requiring enrollment in the State's Employer Pull Notice Program, but these programs have not been consistently implemented among the operating divisions. For example, as discussed in Section 13 of this report, the City Distribution Division has not complied with the State's Employer Pull Notice Program. The Public Utilities Commission Fleet Manager has begun to implement a department-wide Employer Pull Notice Program, including enrolling in the program with the State and collecting information on employees required to enroll. The Fleet Manager should present a report to the Assistant General Manager, Business Services, on implementation of the Public Utilities Commission's department-wide Employer Pull Notice Program prior to December 31, 2005.

- Although Section 4.10-1 of the City's Administrative Code incorporates all general purpose vehicles into the Fleet Management Program, only the general purpose vehicles of General Fund departments have thus far been included in the Lease – Charge Back Program.¹ The Budget Analyst recommends that the fleet management responsibilities of the 99 vehicles assigned to the Public Utilities Commission's headquarters that are currently maintained by Central Shops should be placed in the Lease – Charge Back Program under the administration of the Director of Administrative Services. By so doing, the vehicle base, over which the administrative costs of the City's Fleet Management Program is spread, would be increased, greater opportunities for City-wide carpool programs would be realized, and the Department's Manager, Fleet Operations and Management, would be relieved of carpooling and other management responsibilities for the 99 general purpose vehicles, thus providing additional time for managing the Department's 1,201 other pieces of automotive and other mobile equipment. The Budget Analyst estimates that the General Fund savings would equal approximately \$160,000 annually based on a ten percent reduction of the Fleet Management Program's General Fund cost of \$1.6 million in FY 2005-2006.

Background

The Department is currently assigned a total of 1,300 vehicles and pieces of mobile equipment. Of the 1,300 vehicles and mobile equipment, 738 are general purpose vehicles, defined as non-emergency response automobiles, carts, and light-duty trucks and vans, and the remaining 562 are special purpose vehicles or pieces of equipment such as flatbed trucks, tractors, trailers, forklifts, mowers, and compressors. Included in the Department's general purpose fleet are 144 sedans and 18 SUVs (sports utility vehicles). Assignments of the vehicles and pieces of mobile equipment within the Department, along with the identity of the organization that performs maintenance on the equipment, are shown below.

¹ 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.

Table 11.1
Public Utilities Commission
Vehicle and Mobile Equipment Assignments

Facility	Number of General Purpose Vehicles	Number of Other Pieces of Equipment	Maintenance Performed by:
Public Utilities Commission Administration, including Customer Services	99	0	Central Shops
Water Pollution Control Division	171	137	Central Shops
Hetch Hetchy Water and Wholesale Power Division	83	77	Hetch Hetchy
City Distribution Division	202	228	City Distribution Division
Water Supply and Treatment Division	<u>183</u>	<u>120</u>	Water Supply and Treatment Division
Total	738	562	

The Department's Fleet Management Initiative

Prior to FY 2004-2005, there was no centralized control of vehicles and mobile equipment within the Department; the Department's divisions managed their vehicles and mobile equipment individually. In November of 2004, the Department hired a Classification 0922 Manager I to head up a newly created Office of Fleet Operations and Management with responsibility for "the establishment, implementation, and maintenance of policies and procedures governing PUC city-owned mobile equipment." The Manager, Fleet Operations and Management, has identified specific responsibilities of his office, as follows:

1. Specifying, acquiring, maintaining, and disposing of approximately 1,300 vehicles and heavy-duty mobile pieces of equipment.
2. Overseeing the services provided by the four Service Centers² that provide maintenance of the Department's fleet.
3. Providing alternatives to avoid fuel price volatility, and managing fuel costs.
4. Creating and implementing a vehicle and equipment replacement plan.

² The four Service Centers are the automotive shops at (a) the City Distribution Division, (b) the Hetch Hetchy Water and Wholesale Power Division, (c) the Water Supply and Treatment Division, and (d) the Central Shops.

5. Ensuring compliance with Environmental Protection Agency and Clean Air requirements, and reducing the number of high emission vehicles.
6. Implementing a comprehensive fleet safety policy that includes monitoring employees' driving records.
7. Establishing vehicle take home policies and procedures, and overseeing the management of such vehicles.
8. Developing and managing a Department-wide carpool program.
9. Determining the right size of the fleet for the Department.
10. Providing maintenance scheduling for the Department's carpool vehicles.
11. Assigning and redistributing all vehicles and heavy mobile equipment based on the needs of the organization.

The need for better management of the Department's general purpose vehicle fleet is exemplified in the following two deficiencies encountered by the Budget Analyst during the course of this audit:

1. As of March 14, 2005, 30 of 99 general purpose vehicles maintained by Central Shops for the Department, or approximately 30.3 percent, were overdue for the six-month preventive maintenance inspection. One of the vehicles had been overdue for the preventive maintenance inspection since November 19, 2004. Proper preventive maintenance is required to meet or exceed the expected useful life of a vehicle and to avoid costly repairs, thereby achieving savings in maintenance and replacement costs.
2. 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 Department's operating divisions operates numerous vehicles requiring enrollment in the State's Employer Pull Notice Program. An employer enrolled in the State's 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 Employer Pull Notice Program action/activity, a check is made electronically to determine if a pull notice is on file. If the action/activity is one that is specified to be reported under the State's 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 tested the Employer Pull Notice Program at the City Distribution Division in order to determine whether required employees are enrolled and whether the individual Driver Record Information is current. We determined that the Employer Pull Notice Program at the City Distribution Division was non-existent. The only document concerning the Employer Pull Notice Program was a calendar year 2001 listing of those enrolled in the program. No individual Driver Record

Information forms were available for any of the 28 drivers required to be enrolled. According to City Distribution Division management, the person who had been overseeing the Employer Pull Notice Program had departed the organization and no one had subsequently assumed the responsibility.

The Department advises that the Department's new Fleet Manager has begun the process of centralizing the Employer Pull Notice Program for the Department. The Department has enrolled in the program and information on those employees requiring enrolment for all divisions is currently being collected by Human Resource Services.

The instances cited denote the need for management emphasis on vehicle maintenance and compliance with regulatory requirements. The Budget Analyst, in general, concurs with the initiative to enhance vehicle and mobile equipment management. However, concerning the fleet management responsibilities for the 99 vehicles assigned to the Public Utilities Commission's headquarters that are currently maintained by Central Shops, the Budget Analyst recommends that the fleet management responsibilities for those general purpose vehicles can be more effectively administered by the City's Director of Administrative Services, as explained in *The City's Fleet Management Program* part of this audit report section, which follows below.

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, including transfer of all general purpose vehicles owned, leased, or rented by the City to the City's Fleet Management Program.

Salient features of the Fleet Management Program as are 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.”
- 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."

Although Section 4.10-1 of the Administrative Code incorporates *all* general purpose vehicles into the Fleet Management Program, only the general purpose vehicles of General Fund departments have thus far been included in the Lease – Charge Back Program. The Budget Analyst recommends that the fleet management responsibilities for the 99 vehicles assigned to the Public Utilities Commission's headquarters that are currently maintained by Central Shops should be placed in the Lease – Charge Back Program under the administration of the Director of Administrative Services. By so doing, the vehicle base, over which the administrative costs of the City's Fleet Management Program is spread, would be increased, greater opportunities for City-wide carpool programs would be realized, and the Department's Manager, Fleet Operations and Management, would be relieved of carpooling and other management responsibilities for the 99 general purpose vehicles, thus providing additional time for managing the Department's 1,201 other pieces of automotive and other mobile equipment.

Conclusions

The Department should continue with its initiative to enhance vehicle and mobile equipment management. The Manager, Fleet Operations and Management, should develop a plan, including a schedule or schedules, for implementing a program to administer the Department's general purpose and mobile equipment fleet in an effective and efficient manner.

The fleet management responsibilities of the 99 vehicles assigned to the Public Utilities Commission's headquarters that are currently maintained by Central Shops should be placed in the Lease – Charge Back Program under the administration of the Director of Administrative Services. The Budget Analyst estimates that the General Fund savings would equal approximately \$160,000 based on a ten percent reduction of the Fleet Management Program's General Fund cost of \$1.6 million in FY 2005-2006.

The instances of non-compliance with the California Employer's Pull Notice Program and 30 of 99 general purpose vehicles assigned to the Public Utilities Commission's headquarters, or approximately 30.3 percent, being overdue for scheduled preventive maintenance inspection indicate the need for management emphasis on vehicle maintenance and compliance with regulatory requirements.

Recommendations

The Public Utilities Commission General Manager should:

- 11.1 Transfer fleet management responsibilities for the 99 general purpose vehicles currently maintained by Central Shops to the Director of Administrative Services.
- 11.2 Emphasize the importance of vehicle maintenance including complying with preventive maintenance inspection schedules and complying with the State's Employer Pull Notice Program.
- 11.3 Direct the Fleet Manager to present a report to the Assistant General Manager, Business Services, on implementation of the Public Utilities Commission's department-wide Employer Pull Notice Program prior to December 31, 2005.

Costs and Benefits

The Budget Analyst's recommendations can be accomplished with existing staff in-house. The benefits of the recommendations would include spreading the administrative costs of the City's Fleet Management Program over a wider base, which would result in General Fund savings, and relieving the Department's Manager, Fleet Operations and Management, of managing a fleet of 99 general purpose vehicles that can more efficiently be administered by the City's Director of Administrative Services. The Budget Analyst estimates that the General Fund savings would equal approximately \$160,000 based on a ten percent reduction of the Fleet Management Program's General Fund cost of \$1.6 million in FY 2005-2006.