

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
June 9, 2009

To: Board of Supervisors

From: Department of General Services

Subject: Report Back on Potential Cost Savings by Returning Vehicles to Fleet

Supervisory  
District: All

Contact: Michael Morse, Director, 876-6191

**Overview**

During the Proposed Budget workshops held on May 13 -15, 2009, a question was raised as to the potential savings to a department if they turn in vehicles. This report back includes a cost breakdown of two classes of vehicles (See Attachment) and the overall savings that would be realized.

**Recommendation**

Receive and file this budget hearing report back.

**Measures/Evaluation**

Not applicable to this report.

**Fiscal Impact**

In the example provided, based on 100 returned Sheriff patrol and undercover vehicles, the department can save approximately \$520,000 annually (maintenance and parts) plus a cost avoidance of approximately \$3,000,000 in vehicle replacement costs.

**BACKGROUND**

This is a report back on potential savings if a department turns in vehicles. The department-assigned vehicle rental rate includes a number of components, such as depreciation, debt service, interest, and maintenance costs, as well as fixed costs which include the debt service on the fleet building and county/department overhead costs. The concern by customers is that as we are striving to “right size” the fleet and reduce County fleet costs, if a customer turns in a number of vehicles, the vehicle rental rate on their remaining fleet actually increases. This discourages the customer from trying to reduce their fleet numbers if it appears to cost them more in the long run.

**DISCUSSION**

The attachment breaks down the cost components of the 122 class (Sheriff Patrol) and 124 class (Sheriff Undercover) vehicles and the cost differentials if 50 of each class were turned in for surplus or parked. The highlighted lines show that, in fact, the average monthly cost per vehicle does increase because although there is no maintenance or parts required, there remains all of the debt service, depreciation and fixed cost components that have to be spread amongst a smaller fleet. However, even as each vehicle becomes more expensive, the overall savings by reducing the 100 vehicles significantly exceeds the increase in the monthly rate on the remaining fleet. In the example, the savings add up to about \$520,000 annually. An additional ongoing savings for these classes of vehicles is the fuel savings; patrol cars average about \$3,600/year in fuel costs, and undercover cars average \$1,807/year. The total fuel savings for 50 of each vehicle class (100 total cars) is just over \$270,000/year. In addition to the annualized maintenance, parts, and fuel savings, there is also a one time cost avoidance of more than \$3.0 million in replacement costs.

**MEASURES/EVALUATION**

Not applicable to this report.

**FINANCIAL ANALYSIS**

See "Discussion" above for potential fiscal impacts.

Respectfully submitted,

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MICHAEL MORSE, Director  
Department of General Services

APPROVED:  
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County Executive

By: \_\_\_\_\_  
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Internal Services Agency

**Attachment:**

Estimated Savings for Return Fleet Vehicles