

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
March 3, 2009

To: Board of Supervisors

From: Department of General Services

Subject: Recommendations for Down-Sizing the County Light Fleet

Supervisory
District(s): All

Contact: Michael Morse, Director, Department of General Services, 876-6191

Overview

On February 10, 2009, a "Receive and File" report was presented to the Board of Supervisors that included the results of the Fleet Utilization Review Committee that was formed in August to review the County's current Light Fleet. This follow up report includes specific recommendations by which to implement a new fleet utilization standard, encourage greater private vehicle utilization, and begin discussions with County Bargaining Units regarding standby pay and significantly reduced Home Retention Vehicle (HRV) assignments.

Recommendations

Direct staff to:

1. Implement a County policy that establishes a 7500 mile-per-year minimum utilization standard for department-assigned vehicles;
2. Develop standard language to be inserted in future job announcements that clearly states that employees are occasionally required to travel within the County for business purposes, and that they are expected to make their own arrangements for such occasional travel;
3. Initiate meet and confer invitations to the relevant bargaining units to discuss reinstating formal standby pay procedures for emergency/after hour call outs versus the current practice of broad HRV assignments;
4. Revise the current HRV policy to eliminate all home retention except for written contract obligations or limited, specifically identified job classifications, such as "On-Call Criminal Investigators (DHA)", or "On-Call Narcotics Investigators (SSD)".
5. Eliminate all HRV assignments. Consider only specified written contractual obligations or specified, limited term assignments on a case by case basis in accordance with the recommended revised policy, and as approved by the CEO or his designee. Employees that retain a Home Retention Vehicle pursuant to a contractual agreement will be required to pay for fuel at maintenance for all commute mileage, based on a rate yet to be determined. On-call or emergency/standby responders will not be required to pay commute mileage.

Measures/Evaluation

The “measures” of these recommendations will be the number of vehicles turned in due to low utilization over the next two years, the reduced mileage due to HRV assignment terminations, and the corresponding decrease in maintenance, parts, equipment and fuel costs.

Fiscal Impact

The amount of savings will vary widely depending on the number of low utilization vehicles identified at the end of the first year. The most current review identified as many as 100 vehicles with mileages below the recommended minimum standard. If these underutilized vehicles are more efficiently shared so as to increase the mileage on half of them, and the other half is turned in, as much as \$1.25 million would be saved due to reduced replacement costs in addition to about \$365,000 in annual “costs to maintain” at the current rate of \$7,300 per vehicle*.

Based on the Allocated Cost Package estimate of \$2.34/gallon for fuel in FY 2009/10, if 500 HRVs are returned, the potential savings will be about \$720,000 in commuter miles fuel and “routine” maintenance, and about 265,000 less gallons of fuel emissions. The details of these potential savings are included by department in Attachment 1. Further savings may be realized if some of the returned HRVs are turned in for surplus. Ten percent, (50 vehicles) would equate to a cost avoidance of \$1,250,000 in replacement costs, as well ongoing costs of \$365,000.

Additionally, the current Fleet Services policy is to replace light fleet vehicles every 12 years or 120,000 miles (10/100,000 for law enforcement). Consequently, a HRV that adds an additional 8-12,000 miles per year effectively reduces the lifespan of the vehicle and pushes forward the replacement costs. The vehicles that are recovered as HRVs, but continue to be used for daily operations, can easily last an additional 2-4 years by reducing the annual mileage.

(* FY2007/08 light fleet “costs to maintain” of \$7,300 includes all routine maintenance, debt service, depreciation, overhead, etc.)

BACKGROUND:

Since 2001, the County’s light fleet has more than doubled, from 1,430 to 2,900 vehicles today. About 926, or almost one in three, are HRVs. Of the 30 counties polled in California, this is the highest ratio of HRVs in the state. An estimate based on average commute miles and current fuel prices suggests that the County spends \$1 million or more each year for fuel just for the commute mileage. An additional \$150,000 is spent on routine maintenance (tires, oil changes, etc.) just as a result of the estimated 6.4 million commuter miles. The Fleet Utilization Review Committee was formed to review the County’s current fleet and make recommendations regarding potential fleet reductions, ongoing department-assigned vehicle policies, as well as Home Retention Vehicle (HRV) assignments.

The committee included staff from many “department assigned fleet” users, including Health and Human Services, Human Assistance, Sheriff, General Services, District Attorney, Probation, Public Defender, Construction Management and Inspection, Transportation, Environmental Management, Parks and Recreation, Communications and Information Technology, and Water

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Resources. The goal was to discuss how to most prudently reduce the size of the fleet and the burgeoning economic impact on the County budget. A number of questions were addressed, to include: 1) an economic break-even point at which it is cheaper to reimburse employees for driving their own vehicle versus maintaining a County vehicle; 2) the legalities of expecting employees to use their own vehicles for County work; 3) potential insurance liabilities, and; 4) how to address staff that have a Home Retention Vehicle (HRVs) in lieu of standby pay. Based on these discussions, 197 vehicles were turned in. The one time savings and annual “costs to maintain” the vehicles is detailed by department at Attachment 2.

The details of the points discussed above were included in the Board letter of February 10, 2009, (attached for reference), therefore this letter will concentrate on the five recommendations the Board is requested to consider.

DISCUSSION:

Recommendation 1: Direct staff to implement a policy that sets a minimum utilization standard of 7500 miles per year. There are about 100 vehicles that currently do not meet the proposed criteria. The policy should include an annual revalidation wherein vehicles that do not meet the minimum mileage are turned in or reassigned unless compelling justification is provided to keep them. DGS will begin automated monitoring of vehicle mileages in March 2009, and Department heads will be notified semi-annually regarding low use vehicles so that they may assess the ongoing need for the vehicle. This recommendation is currently supported in the HRV policy, under the provision for “Duty Hour Retention”, which states in part that if “Monthly mileage claim costs of a privately owned vehicle/equipment would exceed costs of a County vehicle.”, then a County vehicle may be assigned. The previously provided economic breakeven point (Feb 10, 2009 BDL, page 2, attached) shows the breakpoint at 6,700 – 8,700 miles, depending on vehicle type.

Recommendation 2: Direct staff to develop standard language to be inserted in future job announcements stating that employees are occasionally required to travel within the County for business purposes, and they may be expected to make their own arrangements for such occasional travel. The Department of Personnel Services, with assistance from County Counsel and Labor Relations, should prepare the recommended language.

Recommendation 3: Initiate meet and confer invitations to the relevant bargaining units in order to discuss reinstitute formal standby pay procedures for emergency/after hour call outs versus the current practice of broad HRV assignments.

An unknown number HRVs are currently assigned to employees to use in the event on an emergency or after hours callout. These HRVs are provided in lieu of standby pay. If a callout is necessary, phone calls are made until someone answers the phone and agrees to respond. The recommendation is to assign a minimum-required number of staff on short term assignment (1 week or 1 month at a time, for example) and pay them standby pay in addition to a Home Retention Vehicle during the assignment period. While assigned to the standby status, the employees must be prepared and will be required to respond. The standby assignment, pay, and HRV should be rotated on the weekly or monthly basis, as determined by the department.

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Depending on the number vehicles that are recovered under this method, substantial savings can be realized in fuel costs, and vehicle replacement costs. The example provided in the February 10, 2009 board letter, wherein the “standby HRVs” are reduced from 20 to 4, would realize a savings of at least \$20,000 per year if standby pay is reestablished *with* an HRV, plus the ongoing savings of replacing the additional 16 vehicles; a cost avoidance of about \$400,000 plus associated ongoing maintenance and debt service of another \$116,000 per year.

Recommendation 4: This recommendation is to update the HRV policy (dated July 1, 2007) to eliminate full time HRV assignments, and establish limited term “On-Call Home Retention Assignments” for specific job classifications, such as “On Call Criminal Investigators (DHA)”, or “On-Call Narcotics Investigators (SSD)”. Full time HRV assignments would be limited only to employees that have previously established written contracts that include a HRV.

Recommendation 5: This final recommendation is to eliminate all full time HRV assignments other than those that established by written employment contracts. In these instances, the HRV assignment may be honored, but the assignee will have to reimburse the County each month for the gas and routine maintenance at a rate to be determined. Limited term “On Call” assignments will also be considered according to the specific job classifications defined in the recommended policy revision, on a case by case basis, and as approved by the CEO or his designee. Implementation of this recommendation will require some logistical considerations, including:

1. Regarding existing written employment or bargaining unit contract issues, departments will have to confirm the employment contract language and Labor Relations will invite appropriate bargaining units to meet and confer;
2. If a significant number of HRVs are identified to be turned in and not replaced, the logistics and timing of the turn-ins would need to be addressed while they are waiting to be processed and sold. This is not expected to be a problem in that General Services can accommodate as many as 300 vehicles at a time if necessary.
3. Parking accommodations for the 800+ HRVs that will be parked at their respective job sites overnight is not expected to be a problem inasmuch as these vehicles are currently parked at the job sites during the day. However, some department’s parking areas are unsecured and overnight parking may be of concern. Options to secure these vehicles include using current County security staff to patrol these parking areas, or fencing the parking areas. Costs for these options would be offset by the reduced commute miles and maintenance.

MEASURES/EVALUATION:

The measure of these recommendations will be the number of vehicles turned in due to low utilization over the next two years, the reduced mileage due to HRV assignment terminations, and the corresponding decrease in maintenance, parts, equipment and fuel costs for commute miles and “costs to maintain” savings for turned in vehicles.

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FINANCIAL ANALYSIS:

The amount of savings will vary widely depending on the number of low utilization vehicles identified at the end of the first year. The most current review identified as many as 100 vehicles with mileages below the recommended minimum standard. If these underutilized vehicles are shared so as to increase the mileage on half of them, and the other half is turned in, as much as \$1.25 million would be saved due to reduced replacement costs in addition to about \$365,000 in annual "costs to maintain" at the current rate of \$7,300 per vehicle*.

Based on the Allocated Cost Package estimate of \$2.34/gallon for fuel in FY 2009/10, if 500 HRVs are returned, the potential savings will be about \$720,000 in commuter miles fuel and "routine" maintenance, and about 265,000 less gallons of fuel emissions. The details of these potential savings are included by department in Attachment 1. Further savings may be realized if some of the returned HRVs are turned in for surplus. Ten percent, (50 vehicles) would equate to a cost avoidance of \$1,250,000 in replacement costs, as well ongoing costs of \$365,000.

Additionally, the current Fleet Services policy is to replace light fleet vehicles every 12 years or 120,000 miles (10/100,000 for law enforcement). Consequently, a HRV that adds an additional 8-12,000 miles per year, effectively reduced the lifespan of the vehicle and pushes forward the replacement costs. The vehicles that are recovered as HRVs, but continue to be used for daily operations, can easily last an additional 2-4 years by reducing the annual mileage.

(* FY2007/08 light fleet "costs to maintain" of \$7,300 includes all routine maintenance, debt service, depreciation, overhead, etc.)

Respectfully submitted,

APPROVED:
TERRY SCHUTTEN
County Executive

MICHAEL M. MORSE, Director
Department of General Services

By: _____
MARK NORRIS, Administrator
Internal Services Agency

Attachments:

1. Estimated HRV Fuel/Maintenance Cost Savings
2. Estimated Savings due to Turned In Vehicles

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Attachment 1**Assigned Vehicles by Department - Estimated HRV Fuel/Maintenance Cost Savings**

<i>Department</i>	<i>No. of Vehicles a/o 3/1/2009</i>	<i>No. of HRVs</i>	<i>Monthly Fuel & Maint. Savings*</i>	<i>Quarterly Fuel & Maint. Savings</i>	<i>Annual Fuel & Maint. Savings**</i>
Waste Management & Recycling	44	0			
County Engineering	201	150	\$18,000	\$54,000	\$216,000
Water Resources	74	25	\$3,000	\$9,000	\$36,000
CSD-1/Water Quality	224	36	\$4,320	\$12,960	\$51,840
Transportation	131	32	\$3,840	\$11,520	\$46,080
Agricultural Commissioner – Weights & Measures	40	1	\$120	\$360	\$1,440
Animal Control	21				
Cooperative Extension	1				
Environmental Management	18				
Assessor's Office	3				
Workers' Compensation	1				
SACOG	3				
Voter Registration & Elections	3				
Coroner	8	4	480	\$1,440	\$5,720
County Counsel	2				
District Attorney	91	63	\$7,560	\$22,680	\$90,720
Economic Development	2				
Revenue Recovery	1				
Libraries	8				
Parks & Recreation	55	2	\$240	\$720	\$2,880
Planning Dept. – Code Enforcement	32				
Probation	138	7	\$840	\$2,520	\$10,080
Public Defender	26				
General Services	205	14	\$1,680	\$5,080	\$20,160
Health and Human Services	362	24	\$2,880	\$8,640	\$34,560
Office of Communications & Information Technology	24				
Facility Planning, Architecture and Real Estate	16	1	\$120	\$360	\$1,440
Human Assistance	126	52	\$6,240	\$18,720	\$74,880
Cable Commission	1				
Sheriff	842	307	\$36,840	\$110,520	\$442,080
Totals	2703	720**	\$86,400	\$259,200	\$1,036,800

* Fuel/Maintenance Costs based on ACP assumption of \$2.34/gallon plus routine maintenance costs based on average of 8,000 commute miles per vehicle (Total = 7.4 million miles annually).

** For fiscal analysis purposes, the Board report uses 800 turned in HRVs, assuming the remaining 126 are assigned for specifically identified "On-Call" job classifications.

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Attachment 2**Assigned Vehicles by Department – Estimated Savings due to Turned In Vehicles**

<i>Department</i>	<i>No. of Vehicles a/o 1/1/2009</i>	<i>No. of Vehicles a/o 3/1/2009</i>	<i>No. Turned In</i>	<i>One Time Replacement Savings</i>	<i>Annual “Cost to Maintain” Savings*</i>
Waste Management & Recycling	49	44	5	\$125,000	\$43,000
County Engineering	218	201	17	\$425,000	\$146,200
Water Resources	74	74			
CSD-1/Water Quality	233	224	9	\$225,000	\$77,400
Transportation	133	131	2	\$50,000	\$17,200
Agricultural Commissioner – Weights & Measures	42	40	2	\$50,000	\$17,200
Animal Control	21	21			
Cooperative Extension	2	1	1	\$25,000	\$8,600
Environmental Management	18	18			
Assessor’s Office	4	3	1	\$25,000	\$8,600
Workers’ Compensation	1	1			
SACOG	3	3			
Voter Registration & Elections	3	3			
Coroner	8	8			
County Counsel	2	2			
District Attorney	99	91	8	\$200,000	\$68,800
Economic Development	2	2			
Revenue Recovery	1	1			
Libraries	8	8			
Parks & Recreation	55	55			
Planning Dept. – Code Enforcement	32	32			
Probation	156	138	18	\$450,000	\$154,800
Public Defender	27	26	1	\$25,000	\$8,600
General Services	276	205	71	\$1,775,000	\$610,600
Health and Human Services	368	362	6	\$150,000	\$51,600
Office of Communications & Information Technology	24	24			
Facility Planning, Architecture and Real Estate	16	16			
Human Assistance	135	126	9	\$225,000	\$77,400
Cable Commission	1	1			
Sheriff	889	842	47	\$1,175,000	\$404,200
<i>Totals</i>	<i>2,900</i>	<i>2703</i>	<i>197</i>	<i>\$4,925,000</i>	<i>\$1,694,200</i>

*“Cost to Maintain” each vehicle includes the debt service, depreciation, interest, and routine maintenance at \$7,300/vehicle. Also included is \$1,300/yr for fuel (Based on an average of 10,000 miles per year/per car at divided by 18 miles per gallon times \$2.34/gallon), for a total annual cost of \$8,600.