



BERTHA W. HENRY, County Administrator
115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7362 • FAX 954-357-7360

MEMORANDUM

DATE: August 6, 2009

TO: Board of County Commissioners

FROM: Bertha W. Henry, County Administrator

SUBJECT: **Management Response to Performance Review of Fleet Services Division, Report No. 09-10**

Overview

As part of the transition to the Department of Transportation, the Fleet Services Division is undergoing a comprehensive review of the entire fleet services program. This division was merged last year with transit to take advantage of natural synergies between the two fleet maintenance agencies. While a few synergies have been identified, more are anticipated, and the applicable recommendations will be incorporated into new standard operating procedures.

Overall, the report challenges management to review current procedures for vehicle replacement emphasizing the use of mileage reimbursement, where appropriate; centralize maintenance of special purpose vehicles; and, enhance monitoring of fuel usage. We concur with these recommendations as they are essential to an overall fleet management program. It is important to clarify certain illustrative references in the report. Section 1, page 17, states “Had County employees utilized their own vehicles for this travel, the total cost to the County at the reimbursement rate of \$.55 would have been \$463,386. This equates to an estimated net savings of \$506,814 annually.” This analysis relates to “underutilized” sedans and could infer that all of these vehicles would be candidates for elimination and replaced with mileage reimbursement. The majority of these vehicles would not be candidates for mileage reimbursement as many relate to functions that require County identification such as building inspectors and project managers when traveling to construction sites; environmental protection inspectors; aviation personnel on the airfield and around the airports; transit personnel; medical examiner personnel, etc., and therefore not suitable for mileage reimbursement. Notwithstanding these issues, we agree that justification for keeping administrative sedans in the operating budget requires annual review. Further, it can be more cost effective to reimburse County employees \$.55 per mile to drive their personal vehicle provided it is a viable alternative for the employee.

Additionally, in comparing the 1999 review to the current program, the report acknowledges that there has been a 1.4% reduction in the fleet over the period as compared to a 5.5% increase in staff. Further, the report acknowledges that there has been a 20% reduction in the sedan fleet. It is important to also

note that there have been operational changes which increased the fleet, such as increasing the number of one person crews to increase efficiency. That said, as there continues to be a reduction in staff, a greater focus on fleet reduction is warranted.

Recommendation 1

Review each Division's general purpose vehicle allocation to determine if underutilized vehicles can be eliminated for Fiscal Year 2010, or reassigned to other agencies that are in need of vehicle replacements.

Management Response

Agree. Twenty-eight general purpose vehicles in the General Fund have been identified for elimination in FY 2010, along with another six that are in non General Fund agencies. With this knowledge, the Fleet Services Division has targeted a reduction of 25 rental pool vehicles at this time and is continuing to refine the number.

Recommendation 2

Develop a system to ensure that vehicles driven significantly below the County's 8,400 annual utilization standard are routinely evaluated by fleet managers for justification of the low utilization or elimination and/or reassignment prior to the purchase of new replacement vehicles.

Management Response

Agree. This has been implemented.

Recommendation 3

Annually determine the "break-even" point whereby it is cost-effective for the County to provide mileage reimbursement rather than provide a vehicle to a County employee, and promote the increased use of mileage reimbursement as an alternative to permanent vehicle assignment when it is cost-effective to do so.

Management Response

This recommendation requires further study. While we agree the promotion of mileage reimbursement could potentially reduce the size of the fleet, particularly for incidental travel, there are many implications to encouraging an employee to drive his/her own vehicle to accomplish county tasks. As stated earlier, the majority of these vehicles require "county" markings for identification. This evaluation will be incorporated into the 2011 budget process.

Recommendation 4

Take steps to ensure that alternative fuel vehicles are utilized at higher levels than comparable gasoline/diesel models to maximize the environmental and financial benefits of deploying these vehicles.

Management Response

Agree. Fleet Services is finalizing a plan to re-deploy the alternative fuel vehicles to the agencies that accumulate the most annual mileage, where appropriate and/or practicable, noting that many of these

vehicles were purchased with grant dollars and may come with restrictions. Communication to all affected agencies will be accomplished within 60 days, with re-deployment completed by the end of the fiscal year.

Recommendation 5

Establish a standard brand and model for each vehicle type (e.g. sedans, pickups, vans, etc.) and require justification for non-standard procurements.

Management Response

This recommendation is under review as it could have the unintended consequence of reducing competition. The County uses generic specifications for vehicles by model and gross weight vs. sole brand designations as its approach to purchasing vehicles. There could be opportunities to standardize within categories. This recommendation would constitute a shift in policy/practice and will be fully vetted in advance of the next vehicle bid.

Recommendation 6

Establish a system to routinely monitor the utilization of high value special purpose equipment so unused equipment can be reassigned or disposed of at the highest possible resale value.

Management Response

Agree. Upon the acquisition and installation of the new fleet maintenance system, a centralized database will be incorporated, thereby allowing Fleet Services to work with agencies to capture relevant data and more efficiently manage the fleet. Implementation is anticipated third quarter, fiscal year 2010. Until then, this issue will be vetted by the Office of Management and Budget during the budget process.

Recommendation 7

Require justification that clearly demonstrates the cost-savings that will be obtained through purchasing rather than renting/leasing during the special purpose equipment acquisition process.

Management Response

Generally agree. However, some decisions will not be made solely on cost versus lease. For example, the County noted during several hurricanes that certain equipment (such as fuel trucks, trailer mounted generators for lift stations) were not available in an emergency situation. As we are in hurricane season six months out of the year, certain capabilities must exist.

Recommendation 8

Ensure that a centralized inventory of special purpose equipment is maintained and available to Fleet Services managers to advise County agencies when making decisions about the purchase or rental of needed equipment.

Management Response

Agree. Vehicle numbers will be assigned and tracked by Fleet Services Division for special purpose vehicles that travel on public roads through the requirement and procurement of the license tag by the Fleet Services Division. Off-road vehicles that do not require a license will also be assigned a vehicle number and, likewise, will be tracked by the Fleet Services Division.

Recommendation 9

Segregate both revenues and expenditures for (1) general purpose, (2) special purpose, and (3) contract maintenance services.

Management Response

Agree. Fleet Services is in the process of upgrading its 10-year old fleet management software application and will ensure that the capability to segregate the accounts for expense and revenue tracking is inherent in the new software system. Fleet Services Division's staff is also evaluating the capability of its 10-year old MCMS system (the current software used to track Fleet's revenue and expenses) to establish sub-accounts for general purpose, special purpose, and contract maintenance expenditures and revenues. Target date for new software is May 1, 2010.

Recommendation 10

Develop a methodology to identify the full cost of providing services and ensure that billable rates sufficiently cover the cost of services.

Management Response

Agree. Each year, as part of the budget process, the Office of Management and Budget staff works with Fleet to develop a "core" budget including the projected cost of continuing the same level of services as the current year, taking into account any known operational or programmatic changes. OMB and Fleet also work together to project the fleet charges to be paid by customers. If the projected charges are not sufficient to offset the core budget, options for reducing the Fleet budget are reviewed and/or Fleet calculates new rates in order to finalize the recommended Fleet budget. Reports will be prepared on a quarterly basis to monitor financial status and react to potential shortfalls.

Recommendation 11

Ensure that required upgrades to existing fuel storage tanks are completed in a timely manner to avoid costly fines.

Management Response

Agree. Required double-wall piping upgrades at Fleet Center 3 and double-wall upgrades at Fleet Center 8 and are scheduled to be completed before the December 31, 2009 deadline.

Recommendation 12

Improve the existing system of controls to provide increased oversight of fuel purchases, including but not limited to the following actions:

- Requiring employees to enter correct odometer information when making fuel purchases.
- Ensuring Division liaisons and Fleet Services work together to identify, investigate, and correct discrepancies in fuel purchase reports.
- Coordinate efforts with Division liaisons to identify vehicle or employee fuel access cards that should be deactivated:
 - removing surplus vehicles and former employees from access card lists
 - ensuring that agency listings include only actively assigned staff persons
 - verifying necessity of access cards issued to staff who have not used cards in past year (or establishing other criteria)
 - completing deactivation of unneeded cards, including employee remittance of deactivated cards
- Requiring Division liaisons to communicate to Fleet Services when employees who were issued fuel access cards separate from employment, are transferred to another agency, or whose job responsibilities no longer require use of cards.
- Re-instate quarterly reporting to Division liaisons as specified in the Internal Control Handbook.
- Ensure alignment of Internal Control Handbook protocols and current business practice.

Management Response

Agree. There are existing policies in place to accomplish all these recommendations. The newly-created Transportation Department is now ensuring that weekly, monthly, and quarterly reports, as appropriate, are being issued timely and will be more aggressively monitored to ensure compliance. All policies and procedures will be reissued and reinforced to all Departments and Offices by September 1, 2009.

BWH/rb/ds

cc: Evan Lukic, County Auditor
Jeffrey Newton, County Attorney
Chris Walton, Director, Transportation Department
Phyllis Braswell, Assistant Director, Fleet Services Division
Department and Office Directors