



Memorandum

TO: Making Government Work Better
Committee

FROM: Jim McBride

SUBJECT: Status Update of Utilization and
Replacement of the City's Metered
and Heavy Equipment

DATE: October 14, 2004

Approved

Date

RECOMMENDATION

Accept this status report on the Department of General Services efforts to date on addressing the recommendations outlined in "An Audit of the Utilization and Replacement of the City's Metered Equipment" dated January 2004.

BACKGROUND

As a result of the presentation to the Making Government Work Better Committee in January 2004 of "An Audit of the Utilization and Replacement of the City's Metered Equipment," General Services was directed to provide a status report on the "pulling" of underutilized equipment for its October 2004 meeting.

As part of its "Inquiry into Financial and Performance Audits for the County and Cities in the County", the Santa Clara County Grand Jury reviewed the "Audit of the Utilization and Replacement of the City's Metered Equipment" report and met with Department of General Services Fleet Management staff in April 2004 to follow up on the status of the recommendations. The Grand Jury found that the division was making progress in implementing its new stated goal to ensure that metered equipment on hand was "sized to meet needs" as opposed to either falling short or exceeding the quantity required and was pleased by the progress made by General Services Fleet Management in addressing the audit recommendations.

ANALYSIS

Heavy/Metered Fleet Size

Fleet Management is implementing a reduced fleet size through equipment reductions, reassignments, and increased sharing of equipment. Fleet Management has worked with Departments to identify opportunities to right-size the heavy and metered equipment fleet by reviewing utilization information and discussing deployment strategies and plans to continue to

provide utilization data. Fleet Management will continue to conduct utilization meetings with departments for all classes of vehicles. A component of the analysis is the Department's existing inventory of "like" vehicles and their utilization within the program they support. This effort helps to determine if a particular unit(s) warrants retention in the departmental inventory. Any exceptions to utilization guidelines will be addressed through these department meetings. Factors considered in granting exemptions to the utilization guidelines include: the program that the equipment supports (i.e. Storm and Sanitary sewer program), the application of the equipment, the availability of similar units within the departmental inventory and the citywide inventory, location (Airport or Plant) and the feasibility and cost-effectiveness of the alternatives of renting or leasing. Semi-annual utilization reports will continue to be distributed and discussed with departments to address underutilized equipment for retirement, redeployment or transfer to the equipment pool. The right-sizing of the fleet is being implemented in a phased approach to ensure that program service delivery is not negatively impacted. Prematurely removing and selling all equipment identified as underutilized without additional analysis could result in unnecessary replacement expenses. Optimal fleet size is expected to be achieved by December 2005. Once the optimal fleet size is achieved, Fleet Management plans to revisit the question of optimal fleet size on a cyclic basis. The optimal fleet size is dynamic and based on programmatic needs.

Heavy/Metered Pool

To help mitigate issues related to replacement and utilization of the City's metered and heavy fleet, Fleet Management developed and submitted a proposal for fiscal year 2004-2005 to establish and operate a City pool of metered and heavy equipment. The proposal was accepted and establishment and operation of the pool has commenced. The heavy and metered equipment pool has been established by removing 69 pieces of underutilized metered and heavy equipment from departmental inventories and evaluating the need for these pieces citywide. Of these, 53 pieces have been assigned to the centralized pool. Departments have access to the pooled equipment through a check-out system and will be charged a rate to cover maintenance and operation costs.

Equipment that has been "pulled" due to underutilization and not designated for the pool is evaluated and, if it is determined to be cost beneficial, used to replace essential equipment in the City inventory that may be older or less mechanically sound. The older, less mechanically sound equipment is then sold. Although this results in obtaining less revenue than would be obtained by selling newer less utilized equipment; it is a cost effective approach. Any equipment determined to be non-essential to the fleet will be sold. Of the 69 pieces of heavy and metered equipment removed due to underutilization thus far, 16 pieces have been or will be sold. At this time a conservative approach is being taken in terms of the sale of such equipment, since the cost of replacement is high and revenue received from auctioning such used equipment is minimal. Once a track record is established in terms of numbers and types of equipment necessary to meet departmental requirements in a pool environment, more equipment may be eliminated from the City fleet and sold.

WPCP Scooter Fleet Size

Through ESD's analysis of the number of scooters and other vehicles at the WPCP fleet, three types of electric scooter deployment at the Plant have been identified. They are as follows:

- **Work Platform:** Heavy-duty scooter outfitted and designed to carry tools and supplies on a daily basis; performs a specific and unique mission, increases employee productivity, and is assigned to a specific trades person, i.e. plant mechanic or electrician that performs system repairs and maintenance throughout the plant
- **Special Purpose:** Light scooter that may be outfitted or designed for specific tasks and carry special tools, but is assigned the same unique mission on a daily basis that requires numerous short duration trips, i.e. plant attendant that monitors facility systems throughout the facility
- **Daily Transport:** Light carts assigned to a pool within the Plant to provide occasional transportation and an evacuation means within the facility for all employees, including engineers, janitors, and administrative support personnel stationed throughout the facility

The cost-effective utilization level varies depending on the type of deployment and the reductions identified have taken this important factor into consideration. The recommended deployment of scooters is as follows:

Type	Current Inventory	Reduction	Addition	Net
Work Platform	50		9	59
Special Purpose	25	9		16
Daily Transport	19	11		8

Of the other treatment plants identified in the auditor's analysis, many have trades personnel assigned to a specific location or function in the facility. This creates a demand for more personnel with less need for mobility, and thus a lower per capita electric scooter ratio. However, in order to minimize personnel levels, the Plant maintains the policy of assigning trades personnel an electric scooter to enable them to respond throughout the entire facility of 180 acres as needed.

For fiscal year 2004-05, administrative support positions within ESD were converted to mechanics and electricians in order to better address the maintenance needs of the facility. This resulted in a need for nine additional work platform type scooters for the nine field positions added. This addition, in combination with a reduction of nine special purpose scooters and eleven daily transport scooters, results in an overall reduction of 11 scooters.

To track utilization, Fleet Management has installed hour meters on units that could be electronically retrofitted. Units that would not accept hour meters and will be retained in service after the reduction efforts have been retrofitted with odometer tracking devices.

Heavy/Metered Replacement

As the designated City entity with the authority and responsibility to administer the City's fleet of metered and heavy equipment, the Fleet Management Division has incorporated replacement criteria into the revised replacement policy that aligns miles or hours of usage and years of service, resulting in defined utilization targets.

Type	Replacement Guidelines	Annual Utilization Guidelines
Heavy Trucks (above 12,000 GVW)	15 Years and 100,000 Miles	6667 Miles
Light Metered Equipment (Lawn mowers, scooters, light tractors, etc.)	6 Years and 2,500 Hours	417 Hours
Heavy Metered Equipment (loaders, backhoes etc.)	15 Years and 6,000 Hours	400 Hours

In addition, mechanical assessments are performed on all metered and heavy equipment that may be removed from service, including equipment considered for future replacement when funding is available.

Jim McBride
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