

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
3.11
(ID # 7909)

MEETING DATE:

Tuesday, September 11, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Response to the 2017-2018 Grand Jury Report Regarding
Riverside County Fleet Services. Districts: All [Total Cost \$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve, with or without modification, the attached response to the 2017-2018 Grand Jury report regarding the Riverside County Fleet Services Lack of Centralization of Fleet Inventory and Vehicle Maintenance;
2. Direct the Clerk of the Board to immediately forward the Board' finalized responses to the Grand Jury, the Presiding Judge and to the County Clerk-Recorder (for mandatory filing with the state).

ACTION: Policy

Ivan Chand, Deputy County Executive Officer

9/4/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Washington, Perez and Ashley
Nays: None
Absent: Tavaglione
Date: September 11, 2018
xc: EO, Grand Jury, Presiding Judge, Fleet, Recorder

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	N/A	N/A	N/A	N/A
NET COUNTY COST	N/A	N/A	N/A	N/A
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2018/19	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Penal Code Section 933(c) requires Board of Supervisors comment on the Grand Jury's recommendations pertaining to matters under the Board's control. In addition, responses must be provided to the Presiding Judge of the Superior Court within 90 days of receipt of the report.



 Teresa Summers, Director of Purchasing 9/4/2018



 Lisa D Brandl 9/5/2018



 Gregory L. Priamos, Director County Counsel 9/5/2018

**RESPONSE TO
2017-18 GRAND JURY REPORT
RIVERSIDE COUNTY PURCHASING AND FLEET SERVICES DEPARTMENT**

Following is the response of the Riverside County Purchasing and Fleet Services Department to the above referenced Grand Jury Report. As the Grand Jury has also notified the Flood Control and Water Conservation District and the County Fire Department, this response has also been prepared on their behalf.

BACKGROUND:

The County of Riverside (County) owns, operates, and maintains approximately 4,300 vehicles. Those vehicles are managed by the County Fleet Services Department (Fleet Services), which is a division of the County Purchasing and Fleet Services Department. Fleet Services provides management and maintenance for most of the automobiles and light trucks owned and operated by County departments. The primary functions of Fleet Services is vehicle selection, acquisition, maintenance, fuel sales, car wash services, vehicle accountability and disposal. Fleet Services leases vehicles to other County departments and agencies for long-term use as well as maintains a central pool of vehicles for short-term rentals. The County's fleet of vehicles includes a growing number of fuel-efficient hybrids, electric, and alternative fuel vehicles. Maintenance of those vehicles is performed at 13 Fleet Service maintenance shops or fueling facilities. Manufacture warranty service and repairs are performed at the respective dealerships.

Fleet Services operates vehicle service facilities which are strategically located throughout the County. Eight of those locations are full service maintenance garages. Each full service garage is staffed with a mechanic and either an automotive service worker or garage attendant. The only exception to this practice is the Blythe garage, which is staffed by one full-time mechanic.

Fleet Services has an annual operating budget of \$47.6 million and 56 authorized full-time positions.

BACKGROUND RESPONSE:

Of the County's approximately 4,300 vehicles, 220 vehicles are utilized in the Fleet Services Motor Pool. Motor Pool vehicles are very similar to short-term rental cars. This provides departments the options to rent a vehicle as needed rather than pay for a department assigned vehicle when daily use is not required. Fleet Services purchases these vehicles, provides all management, maintenance/repair and disposal for these vehicles. The majority of the remaining vehicles are purchased by Fleet Services for county departments. These vehicles are maintained/repared by Fleet Services and the department pays the purchase price for the vehicle. Fleet Services establishes the Preventative Maintenance (PM) level and frequency of maintenance services for these vehicles. Maintenance is performed at eight garages and there are thirteen fueling sites.

FINDING NO. 1:

Vehicle Inventory

Fleet Services is not serving as the single control point for the inventory of all vehicles owned by the County and Special Districts within the County, as required by Riverside County Board of Supervisors (BOS) Policy D-2, Section 4, which states in part:

“While elected and appointed department heads have primary responsibility for monitoring, oversight, and enforcement of this policy within their respective departments, the County of Riverside Fleet Services Director will be responsible for establishing an effective fleet management program including, but not limited to:

- *Policies and procedures that will ensure Fleet Services is the single point of control for all vehicles owned or leased by the County and its departments, agencies or special districts regardless of funding source.”*

Fleet Services was unable to provide a complete inventory of County-owned vehicles because all departments are not integrating their inventory systems into Fleet Services. Some departments, such as Riverside County Fire Department (County Fire) and the Riverside County Flood Control and Water Conservation District (Flood Control), maintain separate inventory tracking systems, Fleet Services, however, is unable to provide an accurate report of the total number of vehicles owned by the County.

RESPONSE: Respondent agrees with the finding.

Fleet Services, Transportation and Waste Resources, which represents nearly 85% of the County’s vehicles share the same fleet tracking system, Fleet Anywhere (FA) collectively. Flood Control also utilizes FA and will link data to the shared system Fleet Services, Transportation and Waste Resources utilizes. Fleet Services has begun discussions with County Fire to understand how data and/or data systems can be shared, combined or interfaced to facilitate future reporting of all County vehicles as stipulated in BOS Policy D-2. Beginning in FY2018-19 Fleet Services will have data, or access to data, that represents all County-owned vehicles and compile the collective data into comprehensive reports as required in BOS County Policy D-2.

RECOMMENDATION No. 1:

Vehicle Inventory

Fleet Services should establish an effective County-wide fleet management program by reviewing and revising its policies and procedures for compliance with BOS Policy D-2. This should ensure that the inventory control of all County-owned vehicles is centralized under one system. A centralized inventory system will enable the County to effectively track vehicle management, inventory and disposal, which could ultimately result in a substantial savings to the taxpayer.

Respondent agrees with the recommendation.

The recommendation has been implemented. As part of the ongoing development of an effective fleet management program in, Fleet Services is reviewing current policies and procedures and revisions are made and implemented where appropriate. The two most recent “new” Purchasing and Fleet Services policies are:

1. Vehicle Utilization Standards (Policy 202)
2. Minimum Vehicle Maintenance Standard (also called Preventative Maintenance or PM - Policy 203)

In July 2018, the BOS approved a three year contract extension for the FA fleet tracking system currently used by Fleet Services, Transportation and Waste Resources through a shared environment. This contract extension allows for expanded use of the FA system that can provide data collaboration with County Fire and Flood Control. Fleet Services will work closely with these departments to integrate their vehicle data collection that will result in providing one central data repository of all County-owned vehicles.

FINDING No. 2:

Vehicle Count Accuracy

In October 2015, the County contracted KPMG, LLP, a professional consulting firm, to conduct an assessment of the financial accountability of County departments. In July 2017, the County amended the contract (Amendment No. 4) to specifically include a \$2.1 million study for the optimization of the County’s procurement processes, management of fleet services, and the maintenance of County facilities. One goal of the study was to analyze the “right-size” of the County fleet and recommend the disposal of older, underutilized vehicles. The total amount of money allocated to this effort was \$300,000.

KPMG issued a report to the BOS identifying 748 County-owned light-duty vehicles (autos and small trucks) that were seven years old or older and potentially underutilized, i.e., driven less than 6,000 miles annually. In January 2018, KPMG issued an updated report which stated the County had reduced the number of potentially underutilized by 293. This brought the total count of fleet vehicles to 4,027, a 7% overall reduction.

However, in April 2018, the newly-hired Assistant Director of Fleet Services reported to the Grand Jury that there were 4,378 vehicles in the County fleet. That is 351 more than previously reported by KPMG.

There are significant discrepancies between the count of vehicles recorded in Fleet Services inventory and the KPMG report. The narrow criteria for classification of vehicles as “underutilized” do not seem to recognize that there may be objective reasons for low use of certain vehicles, such as an isolated posting or limited perimeter of service.

RESPONSE: Respondent partially agrees with the finding.

The variance from the KPMG report and the Fleet Services report can be attributed to various issues as KPMG's selection criteria was limited to passenger vehicles maintained/repared by Fleet Services that were at least seven years old.

The report that Fleet Services provided included all light-duty vehicles (vehicles and trucks) regardless of age or department maintaining/repairing them. The Grand Jury did not request the specific vehicle data that was the basis for the KPMG report. Had the request been for the specific data, Fleet Services would have provided the same data set.

Over the past several months, a new Vehicle Underutilization Report has been created through the joint efforts of Riverside County Information Technology (RCIT) and Fleet Services that recognizes the specific reasons departments may have for retaining a low usage vehicle. The new criterion allows departments to report the specific justifications for exemption. Attachment A provides a list of the justifications for exemption. These justifications are assigned a time limitation for exemption from the underutilization reports and responses. Some justifications are permanent (for the life of the current vehicle, i.e. animal control truck) while others will expire in one year, two years, etc., depending on the likelihood that assignment or usage could change (i.e. ,waiting for new staff to be hired) and justification might need to be revised for other reasons.

RECOMMENDATION No. 2:

Vehicle Count Accuracy

Fleet Services should evaluate the capability of the inventory control system. They should conduct a physical count of all County-owned vehicles in their inventory. Fleet Services should discontinue the acquisition and retirement of vehicles until the physical count is completed.

The BOS should discontinue the practice of contracting consulting firms and expending public funds for services that can be obtained internally.

Respondent partially agrees with the recommendation.

The recommendation has been implemented where appropriate. It has been validated that the current FA fleet tracking system has the capability to track all vehicle inventory throughout county departments. Discussions with the various departments are occurring for utilization of the FA system as a central repository of all vehicle information.

A physical inventory of all County-owned vehicles is conducted annually as required by California Government Code Section 24051 and the County's audit directives. Physical vehicle inventories occur on an annual basis therefore discontinuing the acquisition and retirement of vehicles is unnecessary and would impede county operations. Accurate vehicle counts are available; however, they are not currently consolidated into one county-wide report. Fleet Services is coordinating with the departments to establish a central repository of all vehicle information.

FINDING No. 3

Vehicle Services

The Grand Jury discovered several departments which provide their own servicing of heavy-duty and specialty vehicles, and also provide service maintenance of light-duty vehicles (cars, small-trucks and vans). This is not in compliance with BOS Policy D-2, which states in part:

*...Fleet Services provides all service repairs, maintenance and warranty tracking in order to provide centralized vehicle services records and improved monitoring of repair and maintenance costs.***

*** Heavy trucks and fire engines are excluded from this requirement.*

Each of these departments, over time, have assumed the responsibility for servicing and maintaining their light-duty vehicles – a responsibility that County policy delegates to Fleet services. This variance from Policy has developed due to matters of history, costs, proximity of local servicing facilities, and priority of urgent turnaround. Although primary focus of these departments is servicing the needs of the department's heavy trucks or specialty vehicles, some use these facilities for servicing their light duty vehicles as well.

County Fire has over 800 vehicles, of which 214 are identified as light duty. The light-duty vehicles are serviced in the County Fire vehicle maintenance shops or through local car dealers. Flood Control has 220 vehicles, of which 115 are light-duty and are maintained in their own shop. The Riverside County Waste Resources Department (Waste Resources) has 126 vehicles of which 102 are identified as light-duty and are maintained in Waste Resources shop. The County Transportation Department has a total of 435 vehicles, however, consistent with BOS Policy, of these 129 light-duty vehicles are serviced by Fleet Services.

RESPONSE: Respondent agrees with the finding.

Departments that conduct maintenance and repair of their light-duty vehicles in addition to their medium-heavy-duty vehicles do so to maintain vehicles on property to address imminent response needs. Additionally, many of the light-duty trucks have been up-fitted with specialty equipment and/or contain specialty tools for the department. Fleet Services does not have comparable equipped vehicles to loan out while services are performed on these vehicles. For these reasons, it is beneficial for the departments to maintain the vehicles on site. Fleet Services and the departments will continue to collaborate and review opportunities to share resources, provide services that are the most cost effective and beneficial to county operations, and make appropriate changes to Policy D-2.

RECOMMENDATION No. 3:

Vehicle Services

Review and revise Policy D-2 as it relates to centralization of Fleet Services maintenance responsibilities. Clearly define which vehicles qualify for exception to the Policy. Evaluate the value of continued local servicing in the named departments. Fleet Services needs a clear understanding of how many and which type of vehicles it will be servicing so that they can appropriately structure their facility and staffing needs for these vehicles.

Respondent agrees with the recommendation.

The recommendation has not yet been fully implemented. Revisions to Policy D-2 have been drafted and are under review. The target date for completion is within 90-days. Fleet Services will continue to collaborate with departments to clearly define which vehicles qualify for exemption to Policy D-2 and identify the most cost effective option to meet department operational needs. As noted in Finding No. 3, the primary focus of the named departments' fleet operations is the servicing of heavy trucks and specialty vehicles at each department's garage facility. Repairing light-duty vehicles on location is an efficient extension of their fleet operations. By providing the services onsite, the departments avoid any vehicle transfer/pickup, and associated downtime for those vehicles stationed at those sites. It should be noted that Fleet Services, Waste Resources, and Flood Control utilize the same auto mechanic job classifications to support their operations resulting in similar staffing costs. Additionally, the departments utilize the countywide awarded vendors for vehicle parts and equipment receiving the same contracted pricing. Additionally, Fleet Services continues to pursue cost effective operations and is looking to augment services, as appropriate, to customers in outlying areas that are not near one of the existing eight garage locations.

Fleet Services has a clear understanding of the volume and type of vehicles it serves based on prior year work order history. This data is utilized to address facility and staffing needs.

FINDING No. 4

Fleet Management Reports

County Policy mandates preparation of specific, routine reports to identify areas where the count and cost of underutilized vehicles can be reduced. These reports are not being generated as required. BOS Policy D-2 states:

Fleet Services has the ability to compile reports about vehicle utilization. These reports can be useful tools for managing the use and purchase of county vehicles. Fleet Services should provide the following reports on a periodic basis:

A. Monthly Vehicle Utilization Report

Fleet Services shall prepare a Vehicle Utilization Report on a monthly basis. The report should be distributed to all departments that utilized vehicles during the previous month and should include statistics about mileage, fuel, and the overall utilization of vehicles. The report will also clearly identify vehicles that are being underutilized and those that Fleet services recommends department retire. Departments must take steps to correct the underutilization of vehicles and address the recommendation to retire a vehicle(s) within 60 days of the report. Fleet Services will evaluate special circumstances on a case-by-case basis and determine if the

department is exempt from taking corrective action. These exemptions will be clearly documented and available for review upon request. As part of the annual budget process, Fleet Services will also prepare an annual Vehicle Utilization Report to distribute to analysts Within the Executive Office. This report will be a valuable resource during the review of the department budget proposals and fixed asset requests.

B. Quarterly Vehicle Retirement Report

Fleet services shall prepare a Vehicle Retirement Report on a quarterly basis. The report shall include a list of vehicles that Fleet Services has recommended departments retire and a list of vehicles that that were retired during the quarter. A summary of this report will be submitted to the Board of Supervisors as part of the quarterly report.

C. Annual Fuel Efficiency Standards Report

Fleet Services will prepare a written status report to the Board of Supervisors annually including recommendations for increasing fuel efficiency standards.

According to the newly-hired Assistant Director of Fleet services, the monthly *Vehicle Utilization Report* and the *Quarterly Vehicle Retirement Report* are provided to the Executive Office annually. When the Grand Jury requested copies of these reports (listed above), Fleet Services was unable to provide any past monthly *Vehicle Utilization Reports* or annual *Fuel Efficiency Standards Reports*. There was no record of these reports ever being generated or submitted to the BOS. However, they were able to provide the BOS with a recent quarterly *Vehicle Retirement Report*.

RESPONSE: Respondent partially agrees with the finding.

Fleet Service reported to the Grand Jury that over the past two years, underutilization reports were provided to the Executive Office - as a component of, and/or supplemental to, the KPMG reports. Fleet Services also provided the Grand Jury the last two years of the Fleet Services Productivity Report that reports on vehicle counts and usage. This report is submitted with Fleet's annual rate submittal to the Executive Office.

Fleet Services produces monthly *Vehicle Retirement Reports*, versus quarterly. Fleet Services informed the Grand Jury that these reports were being generated, but did not indicate they were being sent to the Executive Office, rather the monthly reports are sent to the Auditor Controller's Office. A copy of a *Vehicle Retirement Report* was provided to the Grand Jury by Fleet Services. Fleet Services will include the *Vehicle Retirement Report* in future quarterly reports to the Executive Office.

A fuel efficiency report has been created and distributed to the Executive Office.

Fleet Services is working with the Executive Office on updates to Policy D-2 to revise reporting schedules and forms.

RECOMMENDATION No. 4:

Fleet Management Reports

The BOS and the Executive Office hold Fleet Services accountable to ensure that vehicle utilization, retirement, and fuel efficiency reports are generated and distributed on-time as mandated in BOS Policy D-2.

Respondent agrees with the recommendation.

The recommendation has been implemented. Fleet Services is committed to implementing processes and procedures to meet reporting requirements. The under-utilization report, the retirement report and the fuel efficiency report have been forwarded to the Executive Office.

FINDING No. 5:

Garage Operations

The Blythe garage is a full-service maintenance facility that is staffed with only one person – a mechanic. In addition to his responsibilities as a mechanic, he also serves as the auto parts delivery person and office administrator. The mechanic is responsible for the maintenance and care of 61 County vehicles. During those times when he is not on duty, a supervisor and mechanic from Indio garage travel to Blythe and perform those mechanic functions.

An automotive mechanic encounters a variety of potential safety hazards in the course of their job and may, at any time, need immediate assistance from another person to prevent serious injury. Assigning a mechanic to work alone in a garage places the employee at an unnecessary safety risk and increases financial liability to the County.

RESPONSE: Respondent partially agrees with the finding.

There has been one mechanic at the Blythe office for the last 30 years and staff have been instructed in safe operation of all shop equipment. There has been one minor injury during the eighteen years the current employee has been assigned to the site. In consultation with Human Resources, Fleet Services confirmed that the mechanic position in Blythe does not fall within the Immediately Dangerous to Life or Health (IDLH) regulations that would prevent the mechanic from working alone. However, Human Resources and Fleet agree that exploring the potential use of a safety monitoring device in this case may be advantageous, even if not mandated.

RECOMMENDATION No. 5:

Garage Operations

Due to safety risks, no mechanic should work in a Fleet Services garage without at least one other person nearby to render immediate assistance or call for help in the event of an emergency. As an alternative to

placing a second employee at a one-person operation, Fleet Services should adopt an electronic safety monitoring and reporting system.

Respondent partially agrees with the recommendation.

The recommendation requires further analysis. Fleet Services will continued the ongoing review of workplace safety with the Blythe employee. There are no IDLH regulations that prevent the mechanic from working alone however, Fleet will obtain a monitor and test in the Blythe garage to determine its effectiveness and practicality in the shop environment. The purchase of the monitor and test period will be completed within 90-days.

Vehicle Utilization Report - "Exclusion Reason" Codes			
Code	Reason	Notes	Exclusion - Suggested length of time
1	Special Equipment mounted to the vehicle	Animal Control, Tows a Trailer, etc.	Two Years
2	Client transport or "Public Image" must have County MARKED car	.	Two Years
3	Used every day, but low mileage on each trip		Two Years
4	Tools, equipment or supplies are stored in the vehicle		Two Years
5	Large trucks (greater than 1 ton)	Ag, Fire Trucks, Emergency Reponse Vehicles, Dumps, Flat Beds, etc.	Permanent Exclusion
6	Off Road Vehicle (Include NEVs) or "Rough Terrain" Operations	ATVs, UTVs, Forklifts and Carts	Permanent Exclusion
7	Out-Of-Service Service for extended period	Maintenance, Repair, Accident or waiting for new Vehicle	One Year
8	Backup Vehicle to Other Department Vehicles	Max 10% of vehicles by class, department or location	One Year
9	Occasional Use, but a vehicle is mandatory	Used for specific license testing, etc. or "satellite office" with only one vehicle	One Year
10	Shared Usage with Other Departments	List of other departments is required with percent usage allotted to each	One Year
11	Rideshare	Only if fully charged to the department	One Year
12	Waiting for New Staff	Recruitment should be approved and underway	One Year
13	Emergency Response Vehicle (less than 1 ton)		Two Years
14	Equipment	Equipment not mounted on, nor normally carried in, a vehicle but is tracked in the FMIS database	Permanent Exclusion
15	Trailers		Permanent Exclusion