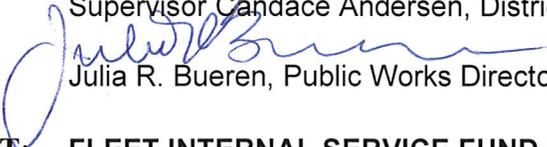




March 21, 2016

**TO:** Internal Operations Committee  
Supervisor John Gioia, District I, Chair  
Supervisor Candace Andersen, District II, Vice-Chair

**FROM:**   
Julia R. Bueren, Public Works Director

**SUBJECT:** FLEET INTERNAL SERVICE FUND FY 2014-15 REPORT

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### **Recommendation**

Accept the Internal Service Fund (ISF) Fleet Services report for FY 2014-15.

### **Background**

The Fleet Services Division has operated as an Internal Service Fund since 2008 to ensure stable and long-term vehicle replacement funding.

Fleet Services provides various services to County departments including the acquisition, preventative maintenance, repair, and disposal of fleet vehicles and equipment. The division services the County's fleet of nearly 1600 vehicles/equipment/trailers, of which, 789 vehicles are included in the ISF program.

### **ISF Rate Structure**

There are three components to recover operational costs for vehicles in the ISF Fleet Services program which are charged to the departments. They are:

1. A fixed monthly cost to cover insurance, Fleet Services overhead, and vehicle depreciation / replacement
2. A variable cost based on miles driven to cover maintenance and repair costs
3. Direct costs for fuel

This rate structure enables the ISF to collect monthly payments from customer departments over the life-cycle of the units to fund operations and enable the systematic replacement of units at the end of a vehicle's useful life or when it becomes a cost-effective decision to do so.

The estimated fixed and variable rates are adjusted each year to develop ISF rates as close to actual costs as possible for each class of vehicle. Accordingly, the FY 2014-15 expenses were reviewed to develop new rates for FY 2015-16, which went into effect September 1, 2015. Please refer to Attachment A accompanying this report for the ISF Fleet Rates Schedule.

### **Fleet Services Goals and Objectives**

- Continue to provide cost-effective services that meet or exceed our customers' needs and expectations by evaluating additional services and new technologies to increase efficiencies.
- Continue to evaluate and recommend for replacement all vehicles and fleet equipment that are due for replacement based on a predetermined schedule and/or a time when it is most cost-effective to do so and in accordance with Administrative Bulletin 508.5. This increases vehicle availability through reduced down time associated with an older fleet.
- Continue to maintain a newer fleet focusing on preventative maintenance thus reducing repair costs typically associated with an older fleet.
- Continue to purchase clean air vehicles whenever feasible and to grow the number of electric vehicles in the fleet as existing equipment requires replacement. Fleet Services continues to seek grant funding opportunities to expand the electric vehicle charging station infrastructure to support County and personal vehicles.
- Continue to ensure that all County vehicles are maintained and repaired in a timely, safe, and cost effective manner in order to provide departments with safe, reliable vehicles and equipment.
- Continue to work with departments to identify vehicles and equipment that are underutilized in an effort to maximize fleet utilization, identify departmental actual needs, and reduce fleet costs.

### **Highlights**

- In FY 2014-15, 115 new vehicles were purchased, 29% more than FY 2013-2014, and 35% more than were purchased in FY 2013-14.
- Fleet continually reviews vehicle usage in an effort to reduce underutilized vehicles according to Administrative Bulletin 508.5. During the most recent review in March 2015, two units were identified that required further analysis for possible reclassification or reassignment which is down from nine in the previous year.
- Fleet Services continues to promote building a "Green Fleet" by purchasing 44 hybrid vehicles as replacement vehicles.
- Placed into operation a mobile service truck to provide cost effective servicing of vehicles and equipment at remote locations away from the Waterbird Fleet Service Center in Martinez such as Sheriff Office substations, Byron Airport, Brentwood Corporation Yard, etc.
- Fleet Services continues to install telematics GPS devices, where appropriate, to help improve fleet utilization, identify vehicle locations in the event of an emergency, reduce costs by identifying and immediately reporting operational issues with the vehicle, and improve accuracy of mileage meter readings. Department users of vehicles equipped with the telematics GPS devices also have access to standard reports which they can

use to review incidences of speeding, excessive idling, vehicle utilization, etc. to help reduce departmental fleet cost.

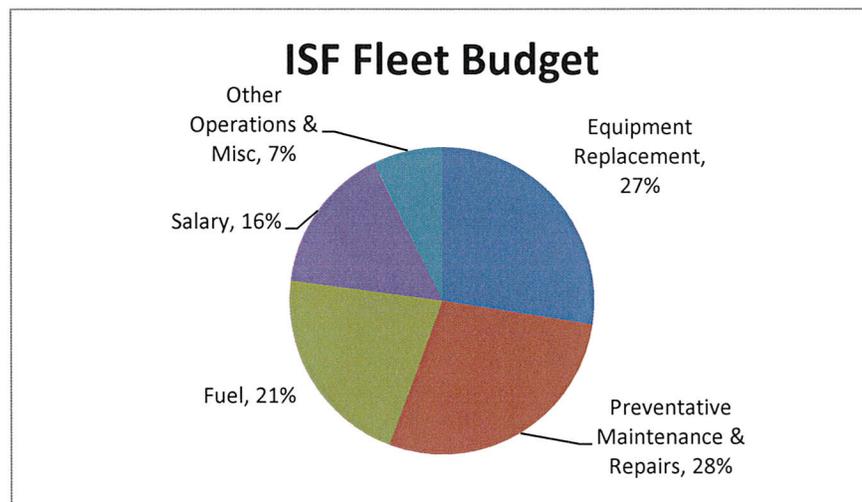
- Light vehicles equipped with the telematics GPS device are enrolled in the State Continuous Smog Testing Pilot Program excluding them from the mandatory biennial physical smog test which reduces cost and vehicle downtime. Over 450 units in the County fleet are enrolled in the program which uses the telematics device to continuously monitor emissions performance and will send a notification immediately when a fault is detected so repairs can be made.

### Summary

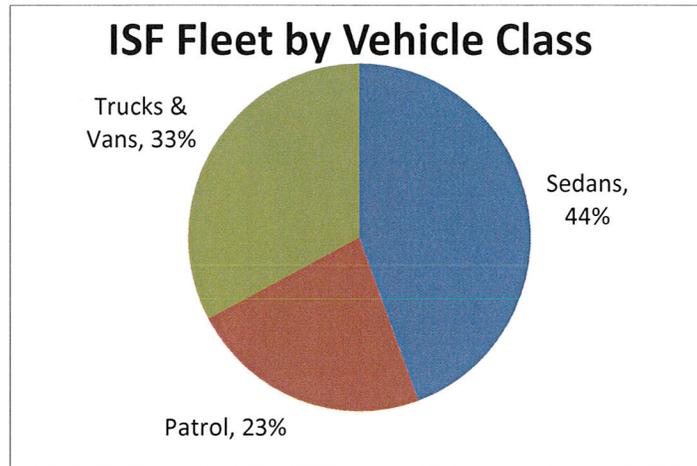
The Fleet Services Division operates as an Internal Service Fund (ISF), providing services to a variety of County Departments. As an ISF, Fleet is responsible to fully recover the cost of providing services and the cost of capital purchases. Key responsibilities of the Division are vehicle preventative maintenance and repair, fueling, replacement analysis, specification review, acquisition, new vehicle upfitting, and preparation of surplus vehicles for disposal.

In FY 2014-15, Fleet Services had a staff of 19 Administration and Operations employees. The Administration section consists of one Fleet Manager, one Fleet Equipment Specialist and one Clerk. The Operations section consists of one Lead Fleet Technician, three Equipment Services Workers, nine Equipment Mechanics, two Equipment Service Writers and one Student Worker.

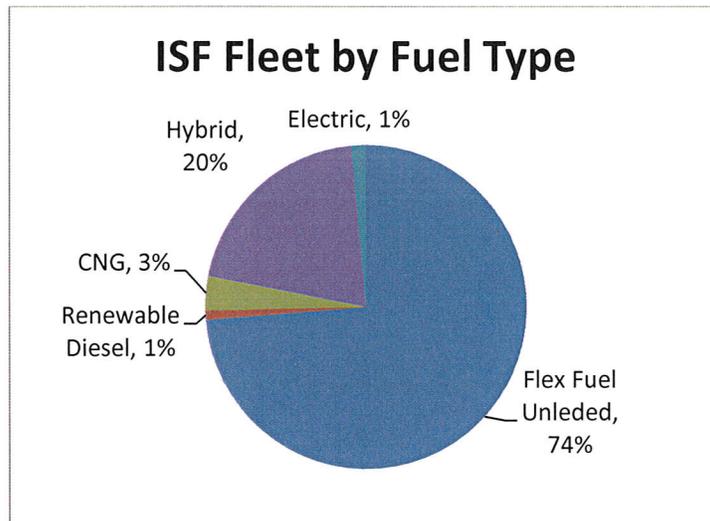
The FY 2014-15 budget of \$13,849,762 included \$2,165,719 for salaries; \$3,895,836 for vehicle repairs; \$2,976,998 for fuel; and \$3,805,156 for the replacement of fleet vehicles and equipment. The ending ISF Fund Balance for FY 2014-15 is \$11,510,328.



The ISF fleet has 789 vehicles, comprised of sedans, patrol vehicles, and trucks/vans.



Fleet Services continues to purchase clean air vehicles whenever feasible and plans to grow the number of electric vehicles in the fleet as existing equipment requires replacement. All diesel vehicles use renewable fuel and all sedans must have a PZEV rating or greater by the California Air Resources Board.



Fleet Services continues to work to achieve the primary goals and objectives of providing County departments with vehicles and equipment that are safe, efficient, reliable and consistent with departmental needs and requirements at the lowest possible cost. The Division will continue to monitor vehicle use to optimize new vehicle acquisition and better utilize existing vehicle assets.

**Attachments**

- A ISF Rates Schedule
- B ISF Fund Balance
- C ISF Net Assets

**Internal Service Fund - Fleet Services**  
**ISF Fleet Rates Schedule**  
**FY 2015-16**

Category	FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16		% Change	
	Monthly Rate	Mileage Charge								
ISF-Sedan	\$ 233.75	\$ 0.185	\$ 257.92	\$ 0.145	\$ 284.83	\$ 0.167	\$ 264.33	\$ 0.200	-7.2%	19.8%
ISF-Cargo Van	194.75	0.366	205.92	0.249	239.75	0.290	435.33	0.210	81.6%	-27.6%
ISF-Passenger Van	201.58	0.211	201.92	0.191	220.75	0.306	315.33	0.280	42.8%	-8.5%
ISF-Patrol	637.08	0.318	454.83	0.393	427.33	0.462	445.00	0.410	4.1%	-11.3%
ISF-Sports Utility Vehicle	421.83	0.247	311.33	0.294	307.42	0.272	374.50	0.200	21.8%	-26.5%
ISF-Truck, Compact	213.00	0.215	194.67	0.190	194.33	0.221	223.50	0.290	15.0%	31.2%
ISF-Truck, Fullsize	246.92	0.200	238.25	0.249	233.50	0.388	335.08	0.410	43.5%	5.7%
ISF-Truck, Utility	421.83	0.247	305.25	0.256	381.50	0.329	316.42	0.550	-17.1%	67.2%

**Internal Service Fund - Fleet Services  
Fund Balance  
For the Year Ended June 30, 2015**

	FY 2013-14	FY 2014-15
<b>Beginning Fund Balance</b>	<b>\$ 11,164,010</b>	<b>\$ 11,233,276</b>
<b>Expenses</b>		
Salaries & Benefits	\$ 1,859,583	2,202,121
Services and Supplies, Other Charges	6,815,118	6,707,489
Depreciation	1,648,815	1,915,405
<b>Total Expenses</b>	<b>\$ 10,323,516</b>	<b>\$ 10,825,015</b>
<b>Revenues</b>		
Charges for services	\$ 10,080,382	\$ 10,326,325
Transfers In/(Out)	-	131,205
Sale of Surplus Vehicles	250,932	199,283
Indemnifying Proceeds (Accidents)	61,468	445,254
<b>Total Revenue</b>	<b>\$ 10,392,782</b>	<b>\$ 11,102,067</b>
<b>Change in Fund Balance</b>	<b>\$ 69,266</b>	<b>\$ 277,052</b>
<b>FY Ending Fund Balance</b>	<b>\$ 11,233,276</b>	<b>\$ 11,510,328</b>

**Internal Service Fund - Fleet Services  
Balance Sheet (Fund 150100)  
As of June 30, 2015**

		<u>FY 2013-14</u>	<u>FY 2014-15</u>
<b>Assets</b>			
Current Assets:			
0010	Cash	\$ 3,615,370	\$ 3,692,800
0100	Accounts Receivable	12,301	3,119
0170	Inventories	345,902	331,085
0180	Due From Other Funds	1,315,002	1,120,686
0250	Prepaid Expense	31,420	10,317
	<b>Total Current Assets</b>	<u>\$ 5,319,995</u>	<u>\$ 5,158,007</u>
Noncurrent Assets:			
0340	Equipment	18,984,902	19,916,589
0360	Construction In Progress	1,386,351	1,736,583
0370	Reserve For Depreciation	(13,174,410)	(13,793,923)
	<b>Total Noncurrent Assets</b>	<u>\$ 7,196,843</u>	<u>\$ 7,859,250</u>
	<b>Total Assets</b>	<u><b>\$ 12,516,838</b></u>	<u><b>\$ 13,017,257</b></u>
<b>Liabilities</b>			
0500	Accounts Payable	\$ 379,201	\$ 834,879
0540	Due To Other Funds	832,682	592,431
0640	Employee Fringe Benefit Pay	71,680	79,618
	<b>Total Liabilities</b>	<u><b>\$ 1,283,563</b></u>	<u><b>\$ 1,506,928</b></u>
<b>Net Position</b>			
	Capital Assets, Net of Debt	\$ 7,196,843	\$ 7,859,250
	Working Capital (Current Assets Net Current Liabilities)	4,036,432	3,651,079
	<b>Total Net Position</b>	<u><b>\$ 11,233,275</b></u>	<u><b>\$ 11,510,328</b></u>