



Contra Costa County
**Public Works
Department**


Brian M. Balbas, Director

Deputy Directors
Stephen Kowalewski, Chief
Allison Knapp
Warren Lai
Carrie Ricci
Joe Yee

Memo

March 13, 2023

TO: Internal Operations Committee
Supervisor Candace Andersen, District II, Chair
Supervisor Diane Burgis, District III, Vice Chair

FROM: Brian M. Balbas, Public Works Director 

SUBJECT: FLEET INTERNAL SERVICE FUND FY 2021-22 REPORT

Recommendation

Accept the Internal Service Fund (ISF) Fleet Services report for FY 2021-22.

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 1654 vehicles/equipment/trailers, of which, 966 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 2020-21 expenses were reviewed to develop new rates for FY 2021-22, which went into effect September 1, 2021. 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 508.6. 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 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 overall fleet costs.

Highlights

- In FY 2021-22, 72 vehicles were purchased, 13% fewer than FY 2020-21, and 38% fewer than were purchased in FY 2019-20. Of this amount, 7 are new additions to the fleet requested by departments for newly hired staff and new or expanded services.
- Fleet continually reviews vehicle usage in an effort to reduce underutilized vehicles according to Administrative Bulletin 508.6. A recent review of FY 2020-2021 usage identified 59 units as being underutilized that required further analysis for possible reassignment or replacement. This amount is a dramatic increase from two which was identified just two years ago. It appears the main reason for the increase is due to staff working remotely in response to the COVID-19 pandemic. Fleet will continue to monitor vehicle usage post-pandemic to determine if there are longer lasting work patterns that reduces the need for vehicles.
- Fleet Services continues to promote building a "Green Fleet" by purchasing 10 electric and 10 hybrid vehicles as replacement vehicles in FY 2021-22.
- 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. 753 vehicles in the County fleet are equipped with these devices.

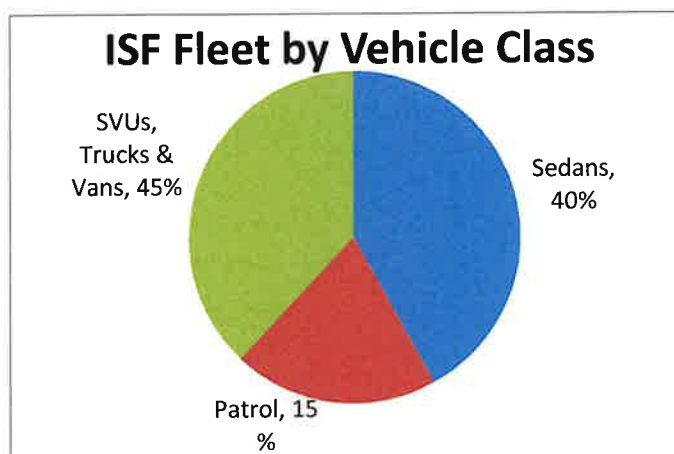
Light vehicles equipped with the telematics GPS device are enrolled in the State Continuous Smog Testing Program excluding them from the mandatory biennial physical smog test, which reduces cost and vehicle downtime. The telematics device continuously monitor emissions performance and will send a notification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

Summary

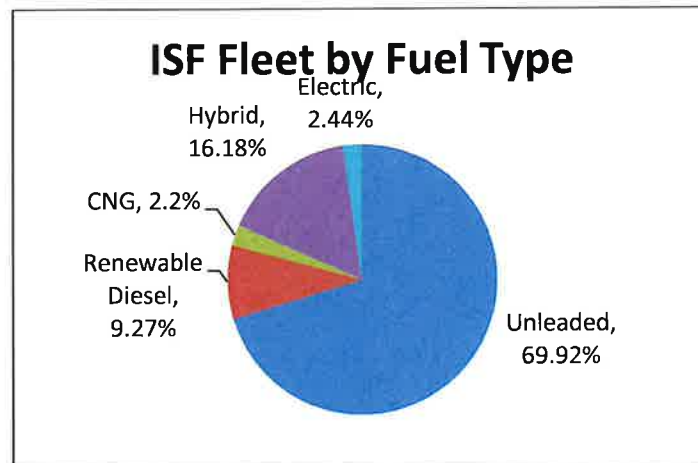
In FY 2021-22, Fleet Services had a staff of 21 Administration and Operations employees. The Administration section consists of one Fleet Manager, one Fleet Service Supervisor, one Fleet Equipment Specialist and one Clerk. The Operations section consists of one Lead Fleet Technician, 2 Equipment Services Workers, 12 Equipment Mechanics and 2 Equipment Service Writers.

The FY 2021-22 budget of \$17,664,948 included: \$3,442,999 for salaries and benefits; \$4,400,300 for vehicle repairs; \$2,800,000 for fuel; and \$3,648,109 for the replacement of fleet vehicles and equipment.

The FY 2021-22 actual expenditure total was \$15,628,788. In addition, expenditures for the purchase of ISF equipment was \$2,290,448 and \$1,755,730 was on order at fiscal year-end. Included in the FY 2021-22 Total Revenue reported on Attachment B is \$479,917 of new revenue for the purchase of additional vehicles and equipment. The ending ISF Fund Balance for FY 2021-22 was \$17,664,948. This increase in fund balance is related to the increased value of equipment within the ISF.



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 can use renewable diesel fuel and all sedans must have a Zero Emissions Vehicle (ZEV) rating, unless otherwise approved by the County Administrator's Office.



Fleet Services continues to work to achieve the primary goals and objectives of providing County departments with vehicles and equipment that are safe, reliable, economically sustainable, 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 2021-22

Category	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		% Change	
	Monthly Rate	Mileage Charge	Monthly Rate	Mileage Charge	Monthly Rate	Mileage Charge	Monthly Rate	Mileage Charge	Monthly Rate	Mileage Charge
ISF-Sedan	\$ 375.75	\$ 0.170	\$ 378.00	\$ 0.240	\$ 388.17	\$ 0.300	\$ 397.08	\$ 0.300	2.3%	0.0%
ISF-Cargo Van	376.17	0.360	334.50	0.330	326.67	0.470	369.25	0.360	13.0%	-23.4%
ISF-Passenger Van	283.17	0.300	327.92	0.450	360.50	0.460	381.83	0.350	5.9%	-23.9%
ISF-Patrol	794.50	0.630	794.25	0.580	905.42	0.610	905.00	0.560	0.0%	-8.2%
ISF-Sports Utility Vehicle	415.08	0.210	432.67	0.400	442.17	0.250	452.75	0.260	2.4%	4.0%
ISF-Truck, Compact	228.25	0.310	258.50	0.320	283.50	0.380	368.42	0.400	30.0%	5.3%
ISF-Truck, Fullsize	383.67	0.460	356.42	0.460	413.75	0.430	421.17	0.460	1.8%	7.0%
ISF-Truck, Utility	618.33	0.240	507.92	0.400	567.67	0.340	624.58	0.330	10.0%	-2.9%

**Internal Service Fund - Fleet Services
Fund Balance
For the Year Ended June 30, 2022**

	FY 2020-21	FY 2021-22
Beginning Fund Balance	\$ 16,311,795	\$ 16,851,288
Expenses		
Salaries & Benefits	\$ 2,888,504	\$ 2,446,212
Services and Supplies, Other Charges	8,618,849	9,963,750
Depreciation	3,122,478	3,218,826
Total Expenses	\$ 14,629,831	\$ 15,628,789
Revenues		
Charges for services	\$ 14,477,817	\$ 16,081,997
Transfers In/(Out)	-	-
Sale of Surplus Vehicles	411,675	174,243
Indemnifying Proceeds (Accidents)	279,832	186,209
Total Revenue	\$ 15,169,324	\$ 16,442,449
Change in Fund Balance	\$ 539,493	\$ 813,660
FY Ending Fund Balance	\$ 16,851,288	\$ 17,664,948

**Internal Service Fund - Fleet Services
Balance Sheet (Fund 150100)
As of June 30, 2022**

		<u>FY 2020-21</u>	<u>FY 2021-22</u>
Assets			
Current Assets:			
0010	Cash	\$ 5,604,134	\$ 7,460,457
0100	Accounts Receivable	134,299	2,744
0170	Inventories	161,095	175,699
0180	Due From Other Funds	1,911,307	1,731,642
0250	Prepaid Expense	(64,952)	20,603
	Total Current Assets	<u>\$ 7,745,883</u>	<u>\$ 9,391,145</u>
Noncurrent Assets:			
0340	Equipment	\$ 29,258,175	\$ 30,440,225
0360	Construction In Progress	581,527	633,227
0370	Reserve For Depreciation	(19,298,032)	(21,456,233)
	Total Noncurrent Assets	<u>\$ 10,541,670</u>	<u>\$ 9,617,219</u>
	Total Assets	<u>\$ 18,287,553</u>	<u>\$ 19,008,364</u>
Liabilities			
0500	Accounts Payable	\$ 624,372	\$ 696,264
0540	Due To Other Funds	652,616	561,189
0640	Employee Fringe Benefit Pay	159,277	85,962
	Total Liabilities	<u>\$ 1,436,265</u>	<u>\$ 1,343,415</u>
Net Position			
	Net Capital Assets	\$ 10,541,670	\$ 9,617,219
	Working Capital	6,309,618	8,047,729
	Total Net Position	<u>\$ 16,851,288</u>	<u>\$ 17,664,949</u>