

# **2017 - 2018 GRAND JURY REPORT**

## **Riverside County Fleet Services Lack of Centralization of Fleet Inventory and Vehicle Maintenance**

### **Background**

The County of Riverside (County) owns, operates, and maintains approximately 4,300 vehicles. Those vehicles are managed by the County Fleet Services (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 hybrid, electric, and alternative fuel vehicles. Maintenance of those vehicles is performed at 13 Fleet Service maintenance shops or refueling facilities. Manufacturer 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.

### **Methodology**

The Riverside County Grand Jury (Grand Jury) obtained information for this report through the review of documents, testimony of on-site personnel, department officials, and facility visits.

The Grand Jury conducted interviews with the following:

- a. Riverside County Fleet Services Division
  - Assistant Director

- Garage Branch Supervisor – Murrieta
- Garage Mechanic – Blythe
- b. Riverside County Fire Department
  - Interim Chief
  - Deputy Chief – Special Operations
  - Deputy Director – Administration
  - Apparatus Fleet Supervisor
- c. Riverside County Flood Control and Water Conservation District
  - General Manager
  - Assistant Chief Engineer
  - Chief of Operations and Maintenance
- d. Former Director, Riverside County Purchasing and Fleet Services Department

The Grand Jury conducted the following site visits:

- a. Riverside County Fleet Services Division
  - Garage and Administrative Services – Rubidoux
  - Maintenance Garage – Blythe
  - Maintenance Garage – Murrieta
- b. Riverside County Fire Department Maintenance Facility – Perris
- c. Riverside County Flood Control and Water Conservation District, Vehicle Maintenance Facility – Riverside

The Grand Jury reviewed the following documents:

- a. Fleet Services Division 2017-2018 Budget
- b. Fleet Services Organization Chart
- c. County of Riverside, California, Board of Supervisors Policy D-2, *Use and Purchase of County Vehicles*, August 31, 2010
- d. County of Riverside, Purchasing and Fleet Services, Fleet Services Procedure, Number 202, *Vehicle Utilization Guidelines*
- e. County of Riverside, Amendment No. 4 to the Agreement with KPMG, LLP, July 2017

## Findings

1. 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 the Riverside County Board of Supervisors (BOS) Policy D-2, Section 4, which states in part:

*While elected and appointed department heads have the primary responsibility for the 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 the 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.

2. 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 that the County had reduced the number of potentially underutilized vehicles 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 the 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.

3. The Grand Jury discovered several departments which provide their own servicing of heavy-duty and specialty vehicles, and also provide service and 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 the 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.

4. County Policy mandates preparation of specific, routine reports to identify areas where the count and costs 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 the 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 a 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 were retired during the quarter. A summary of this report will be submitted to the Board of Supervisors as part of the quarterly budget 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*.

5. 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 the mechanic is not on duty, a supervisor and a mechanic from the Indio garage travel to Blythe and perform those maintenance 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.

## **Recommendations**

**Riverside County Board of Supervisors  
Riverside County Purchasing and Fleet Services Department  
Riverside County Fire Department  
Riverside County Flood Control and Water Conservation District**

1. Fleet Services should establish an effective Countywide 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.
2. 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.

3. Review and revise Policy D-2 as it relates to the 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.
4. 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.
5. 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.