

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

207



FROM: Purchasing and Fleet Services

SUBMITTAL DATE:  
December 27, 2006

SUBJECT: **APPROVAL OF FY2007/08 AUTOMOTIVE MAINTENANCE ISF RATE CHANGES**

RECOMMENDED MOTION: That the Board of Supervisors approves the proposed rates as shown in Attachment A.

**BACKGROUND:** This Form 11 is for the purpose of revising Motor Pool and Maintenance rates which were last adjusted in FY 2002/03, five years ago.

A review of actual Motor Pool operating costs, and a comparison to rates charged by other entities, highlights the need for revisions. We are recommending a change to the methodology for calculating and applying Fleet Motor Pool rates and the implementation of changes to the program's operating guidelines. The need to relocate Fleet facilities from downtown Riverside to Rubidoux, and the addition of Fleet facilities in Cabazon, necessitates an adjustment to existing maintenance rates.

(Continued on Page 2)

FISCAL PROCEDURES APPROVED  
ROBERT E. BYRD, Auditor-Controller

BY [Signature] 1/17/07  
Deputy

Departmental Concurrence

[Signature]  
ROBERT J. HOWDY SHELL, Director  
Purchasing and Fleet Services Dept.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	FY 2008

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

[Signature]

County Executive Office Signature

Dept't Recomm.:  Consent  Policy

Per Exec. Ofc.:  Consent  Policy

Prev. Agn. Ref.: \_\_\_\_\_ District: \_\_\_\_\_ Agenda Number: \_\_\_\_\_

RECEIVED RIVERSIDE COUNTY

3.37

**BACKGROUND (Continued)**

**MOTOR POOL**

The Fleet Motor Pool rate methodology, which was developed in the 1990s, calculated a separate pair of rates for each different class of vehicle. One rate was an hourly charge to cover the cost of the vehicle and program delivery; the second rate was a charge per mile to cover the maintenance and fuel costs of the vehicle. The car rental industry has moved almost exclusively to the concept of a daily rate, often with unlimited mileage, and the customer paying separately for the cost of their fuel.

In FY2002/03, the maintenance components of the Motor Pool rates were updated to reflect the actual maintenance costs incurred for each different class of vehicle. The fuel and capital cost components of the rates have not been adjusted since the 1990s. While this has made the use of the Motor Pool a very cost-effective option for County Departments, it has resulted in a large number of older model vehicles in the Motor Pool and an operating loss for the program.

The Department is proposing a change in rate methodology and operating guidelines in order to update the fleet and more closely align our program with the industry. We are recommending the implementation of the following daily rates, with unlimited mileage, to cover the capital, operating and maintenance cost of the program:

Vehicle Class	Current Rates			Proposed Rates	Rental Company Rates Before Tax and Insurance	
	Daily	Maint Charge Per Mile	Average Charge Per Day Excluding Fuel		Unlimited mileage included	
				Daily Including Maintenance	Avis	Budget
<b>Gems</b>				8.50		
<b>Sedans</b>						
Compact	17.00	.08	26.11	28.00	32.99	31.99
Intermediate	22.00	.09	38.05	32.00	33.99	32.99
Full Size	22.00	.09	38.05	38.00	39.99	38.99
<b>Vans</b>						
Mini	22.00	.08	33.00	46.00	64.99	59.99
Full	25.00	.10	48.50	58.00	109.99	109.99
<b>Trucks</b>						
Mini	16.00	.09	28.20	36.00		
½ Ton	22.00	.09	53.59	48.00		
¾ Ton	23.00	.12	37.83	50.00		
4x4 Mini	22.00	.10	33.60	38.00		
4x4 ½ Ton	24.00	.11	48.75	49.00		
4x4 ¾ Ton	25.00	.11	51.27	59.00		
Medium	25.00	.22	45.26	59.00		
Heavy	29.00	.39	138.24	99.00		
<b>SUVs</b>						
4x4 Mini	30.00	.11	44.85	44.00	48.99	44.99
4x4 Utility	39.00	.12	89.90	90.00	129.99	103.99
4x2 Utility	39.00	.12	56.74	58.00	64.99	56.99

At present, motor pool rentals less than 12 hours are charged out using an hourly rate and a mileage charge with a minimum charge of \$8.50 per rental. In private industry, the norm is to charge the full daily rate for each rental – no matter how short the time. We are proposing to charge out rentals of five hours or less at one-half the daily rate; rentals exceeding five hours will be charged the daily rate.

This change will align our program more closely with the industry, streamline the billing process and bring revenues more in line with expenses. As a result, we can begin to update the motor pool fleet with the goal of having all units in the fleet less than 4 years old. Once a vehicle reaches the 4 year mark, it will be assigned to a County department at a rate which recovers any unpaid capital cost or it will be sold.

Motor pool vehicles are rented with a full tank of gas. The mileage rate charged for the rental was originally intended to include a component that covered the cost of fuel. Fluctuations in fuel costs make a fixed fuel rate untenable. Fleet is therefore recommending the implementation of a floating fuel rate.

At the beginning of each quarter, Fleet will calculate the average rate per gallon for fuel purchased the previous quarter. This will then be converted to a rate per mile for each type of vehicle in the fleet. The fuel cost for each rental will be calculated by multiplying the miles driven by the calculated fuel cost per mile for the type of vehicle rented. The impact of this change in methodology is illustrated in the following table:

Vehicle Class	Current Average Fuel Rate Per Mile	Actual Average Fuel Cost Per Mile Last Qtr of FY06	Increase Per Mile
<b>Sedans</b>	\$.087	\$.120	\$.033
<b>Vans</b>	.090	.183	.093
<b>Trucks</b>	.154	.237	.083
<b>SUVs</b>	.117	.156	.039

This approach will provide Motor Pool customers with the benefit of paying the bulk rate for fuel, which has been as much as 27 cents a gallon below retail prices. It will also enable Fleet to recover actual fuel costs.

## **MAINTENANCE**

In February of 2006, the Board approved the Plans and Specifications for the Rubidoux Fleet Services Facility. This new facility will enable Fleet Services to move from their current downtown location, built in 1973, to a more modern facility in Rubidoux. In April of 2006, the Board approved the development of a Fleet facility in Cabazon to serve this rapidly growing area. Fleet is recommending an increase in maintenance rates of three cent a mile in FY 2007/08 to cover the cost of these facilities. An additional increase may be required in FY 2008/09 if there additional increases in project and operating costs.

**ATTACHMENT A  
FLEET SERVICES RATE STRUCTURE  
July 1, 2007**

**ASSIGNED VEHICLE MAINTENANCE AND MOTOR POOL RENTAL RATES**

TYPE OR CLASS	VEHICLE DESCRIPTION	Motor Pool Coding	ASSIGNED MAIN/MILE		MOTOR POOL RENTAL RATES				
					CURRENT RATE *			PROPOSED RATE **	
			CURRENT RATE	PROPOSED RATE	HOURLY ≤ 12 Hours	FULL DAY > 12 Hours	PER MILE	Unlimited Mileage	
				FY 08				PARTIAL DAY ≤ 5 Hours	FULL DAY > 5 Hours
1	Sub Compact Sedan	Sedan 01	.08	.11	.67	8.00	.14	8.00	16.00
2	Compact Sedan	Sedan 02	.08	.11	1.42	17.00	.14	14.00	28.00
3	Intermediate Sedan	Sedan 03	.09	.12	1.83	22.00	.15	16.00	32.00
4	Mini-Van	Van 01	.08	.11	1.83	22.00	.15	23.00	46.00
5	Full Size Van	Van 02	.10	.13	2.08	25.00	.19	29.00	58.00
8	Mini Pick Up	Truck 01	.09	.12	1.33	16.00	.17	18.00	36.00
9	½ Ton Pick Up	Truck 02	.09	.12	1.83	22.00	.17	24.00	48.00
10	¾ Ton Pick Up	Truck 06	.12	.15	1.92	23.00	.20	25.00	50.00
11	4x4 Mini Pick Up	Truck 08	.10	.13	1.83	22.00	.17	19.00	38.00
12	4x4 ½ Ton Pick Up	Truck 03	.11	.14	2.00	24.00	.20	24.50	49.00
13	4x4 ¾ Ton Pick Up	Truck 04	.11	.14	2.08	25.00	.20	29.50	59.00
14	4x4 Mini Utility	SUV 01	.11	.14	2.50	30.00	.18	22.00	44.00
15	4x4 Utility	SUV 02	.12	.15	3.25	39.00	.20	45.00	90.00
20	Patrol		.16	.19	N/A	N/A	N/A		
21	4x2 Utility (SUV)	SUV 03	.12	.15	3.25	39.00	.20	29.00	58.00
22	Full Size Sedan	Sedan 04	.09	.12	1.83	22.00	.15	19.00	38.00
23	Patrol SUV		.16	.19	N/A	N/A	N/A	N/A	N/A
6	Diesel Bus		Actual WO	Actual WO	N/A	N/A	N/A	N/A	N/A
7	Mini Bus		Actual WO	Actual WO	N/A	N/A	N/A	N/A	N/A
16	Medium Truck	Truck 05	Actual WO	Actual WO	2.08	25.00	.29	29.50	59.00
17	Heavy Truck	Truck 07	Actual WO	Actual WO	2.42	29.00	.46	49.50	99.00
18	Motor Home		Actual WO	Actual WO	N/A	N/A	N/A	N/A	N/A
19	Special Purpose		Actual WO	Actual WO	N/A	N/A	N/A	N/A	N/A

\* Minimum Fee is \$8.50 per Rental (Rental includes Hours + Mileage charges)

\*\* Fuel Price per Mile based on Previous Quarter's Fuel Cost.

**OTHER SERVICES**

SERVICE	CURRENT RATE	UNIT
Automatic Car Wash	3.00	Per wash
Fuel – Fleet Services Sites	.12	Per gallon markup
Fuel – Commercial	.06	Per gallon markup
Parts	20%	Mark up
Sublet	10%	Mark up
Shop Labor Rates	46.50	Per hour
Administrative Services Rate	28.00	Per month per vehicle
Administrative Services Rate N O	5.00	Per billing per unowned
Maintenance Standby Rate	34.00	Per month per vehicle
Vehicle Detailing/Hand Wash		Per hour
Parking	10.00	Per month per vehicle
Vehicle Service Life - Standard	115,000	Miles
Vehicle Service Life - Patrol	100,000	Miles

**FORMULAS**

NAME	CALCULATION
Recovery Rate	$\frac{\text{Vehicle Cost} + \text{Finance Cost} + \text{Equipment Cost} - \text{Salvage Value}}{\text{Finance Period}}$
Monthly Fixed Rate	Recovery Rate + Administrative Services
Salvage Reserve Rate	$\frac{\text{Salvage Value}}{\text{Finance Period}}$