

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



FROM: Purchasing and Fleet Services

SUBMITTAL DATE:
December 1, 2008

SUBJECT: APPROVAL OF FY 2009/10 FLEET SERVICES ISF RATE CHANGES

RECOMMENDED MOTION: That the Board of Supervisors:

Approve the proposed rate changes for Fleet Services as shown in Attachment A.

BACKGROUND: This Form 11 is for the purpose of setting Fleet Services rates for fiscal year 2010 which includes lowering key rates by 10% in response to a call for reduced internal service fund rates, establishing a new rate for Shop Labor - Non Fleet Services Vehicles and establishing new rates for Mobile Car Wash and Detailing services.

Fleet Service ISF rates were last adjusted on July 1, 2007.

(Continued on Page 2)

ROBERT J. HOWDYSHELL, 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 2010

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

BY Robert Tremaine

County Executive Office Signature

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
BY
JERRY D. WOOD 1/16/09

Departmental Concurrence

- Dep't Recomm.: Policy
- Per Exec. Ofc.: Consent
- Policy
- Consent

BACKGROUND (Continued)

To minimize costs to the County, Fleet Services is reviewing vehicle utilization with a view towards reducing the number of vehicles in the fleet and continuing to move to alternative fuels and more fuel-efficient vehicles. These strategies will help the County overall but will not reduce Fleet Services cost proportionately as the department has a large percentage of fixed costs and a reduced fleet size will increase the burden each remaining vehicle must share. Further, new alternative-fuel or hybrid vehicles require additional training to retool our automotive skill sets. Fleet Services is concerned that a large decrease in revenue could slow progress to meeting goals for fuel efficiency and a greener fleet that will in turn lead to additional savings for the County.

Like other internal service funds Fleet Services revenues are rate-based and volume-driven. Reducing the fleet size helps the County meet important savings and air quality goals but leaves Fleet Services with a smaller revenue base. Revenue losses from rate and volume decreases can be absorbed for a short period of time by depleting net assets but this cannot be a long-term strategy. It is recommended that a long-term strategy maintain key Fleet maintenance rates to best provide overall savings to the County. Should Fleet Services reduce service levels, County departments could incur higher costs due to traveling farther to a Fleet facility or due to paying commercial rates for maintenance.

In regard to costs, Fleet Services recently opened two new facilities; the Fleet Services Operation Center in Rubidoux in September 2007 and a new garage and fuel island in Cabazon in May 2008. Debt Service for these facilities is a \$1.3 million annual fixed cost. There was no exchange of facilities or compensation for Fleet Services to vacate its downtown location but rather an understanding that rates would be adjusted to cover these additional costs. A call for reduced rates moves away from this understanding.

ASSIGNED VEHICLE MAINTENANCE AND MOTOR POOL RENTAL RATES

Maintenance Mileage

We propose a reduction to all Maintenance Mileage rates provided in Attachment A by 10% rounded to the nearest cent in response to a call for reduced rates.

Motor Pool

We propose a decrease to motor pool rates of 10% for each vehicle type rounded to the nearest dollar. We are also recommending that partial day rates be based on a per hour charge rather than a partial day rate as Fleet Services software does not accommodate a partial day rate without manual adjustment. The fiscal impact of changing from a partial day charge to an hourly charge is nominal.

OTHER SERVICES

Fuel – Fleet Services Sites

We propose a decrease to the rate for Fuel Delivery – Fleet Services Sites from \$0.12 to \$0.11 per gallon.

Fuel – Commercial

We propose a decrease to the rate for Fuel Delivery – Commercial from \$0.06 to \$0.05 per gallon.

Parts and Sublet Markup

We propose no change to Parts and Sublet markups of 20% and 10% respectively as these rates apply primarily to non Fleet Services vehicles.

Labor Rate

Fleet Services recovers the costs of maintaining fleet-owned vehicles through a fixed charge per unit and a charge per mile driven. Our mechanics also work on vehicles that are owned by other Departments and owned by tax-funded entities outside of the County. Fleet Services recovers these costs through charges for actual labor hours and charges for the parts and sublet work used plus a mark-up.

Fleet Services has kept its shop labor rate unusually low by factoring in revenue from Maintenance Standby Fees and Administrative Fees charged on all Fleet Service vehicles (the more than 4,100 vehicles in the fleet that are assigned to County departments and agencies). Owners of Non Fleet Services vehicles (e.g. Riverside Office of Education or UCR) pay much lower additional charges and, therefore, enjoy a subsidized shop labor rate. To bring parity between shop labor rates for Fleet Services-owned vehicles and non Fleet Services vehicles, we propose the hourly shop labor rate established in fiscal year 2007 of \$46.50 be reduced by 10% to \$41.85 and a new shop labor rate for non Fleet Services vehicles be established at \$74.50 per hour.

Our proposed shop labor rate for non Fleet Services vehicles of \$74.50 was compared with the following entities for reasonableness:

Entity	Rate	Unit
TLMA Transportation	\$62.47	Per hour
San Bernardino County	\$71 - \$94 Auto/Heavy Equipment	Per hour
San Diego County	\$108	Per hour
Santa Clara County	\$90	Per hour
Alameda County	\$60 - \$88 GSA/non GSA	Per hour
Fresno County	\$84 - \$86 Auto/Heavy Equipment	Per hour

Administrative Services

We propose a 10% decrease in the Administrative Services rate from \$28 to \$25.20 per month.

Maintenance Standby

We propose a 10% decrease to the Maintenance Standby rate from \$34 per vehicle to \$30.60.

Automated Car Wash, Mobile Car Wash and Detailing

We propose the current rate for an automated car wash not be reduced as the current \$3 per wash rate is already a bargain price and the cost of providing this service is only partially covered through the car wash rate. The fiscal impact of not reducing the current \$3 per wash rate is nominal.

Mobile car wash and detailing are new services being offered by Fleet Services. Staffing for this program is provided through a contract with the Fontana Rehabilitation Workshop, Inc. doing business as Industrial Support Systems.

We propose mobile car wash and detailing rates presented in Attachment A be approved.

Attachment A
Fleet Services Rate Structure
July 1, 2009

Assigned Vehicle Maintenance and Motor Pool Rental Rates

				Motor Pool Rental Rates*	
				Per Hour	Full Day
1	Sub Compact Sedan	Sedan 01	.10	3.60	14.40
2	Compact Sedan	Sedan 02	.10	6.30	25.20
3	Intermediate Sedan	Sedan 03	.11	7.20	28.80
4	Mini Van	Van 01	.10	10.35	41.40
5	Full Size Van	Van 02	.12	13.05	52.20
8	Mini Pick Up	Truck 01	.11	8.10	32.40
9	1/2 Ton Pick Up	Truck 02	.11	10.80	43.20
10	3/4 Ton Pick Up	Truck 06	.14	11.25	45.00
11	4x4 Mini Pick Up	Truck 08	.12	8.55	34.20
12	4x4 1/2 Ton Pick Up	Truck 03	.13	11.03	44.10
13	4x4 3/4 Ton Pick Up	Truck 04	.13	13.28	53.10
14	4x4 Mini Utility	SUV 01	.13	9.90	39.60
15	4x4 Utility	SUV 02	.14	20.25	81.00
20	Patrol		.17	N/A	N/A
21	4x2 Utility (SUV)	SUV 03	.14	13.05	52.20
22	Full Size Sedan	Sedan 04	.11	8.55	34.20
23	Patrol SUV		.17	N/A	N/A
6	Diesel Bus		Actual WO	N/A	N/A
7	Mini Bus		Actual WO	N/A	N/A
16	Medium Truck	Truck 05	Actual WO	13.28	53.10
17	Heavy Truck	Truck 07	Actual WO	22.28	89.10
18	Motor Home		Actual WO	N/A	N/A
19	Special Purpose		Actual WO	N/A	N/A

* Minimum hourly rental is \$8.00. Fuel price per mile is based on previous quarter's fuel cost.

Other Services

Service	Rate	Unit
Fuel - Fleet Services Sites	.11	Per gallon markup
Fuel - Commercial	.05	Per gallon markup
Parts	20%	Mark up
Sublet	10%	Mark up
Shop Labor Rate - County Vehicles	41.85	Per hour
Shop Labor Rate - Non County Vehicles	74.50	Per hour
Administrative Services Rate	25.20	Per month per vehicle
Administrative Services Rate N O	5.00	Per billing per unowned
Maintenance Standby Rate	30.60	Per month per vehicle
Parking	10.00	Per month
Car Wash and Detailing Services:		
Automatic Car Wash	3.00	Per wash
Wipe Down & Lite Detail	15.00	Per wash
Mobile Wash & Wipe Down (Ext. Only)	14.00	Per wash
Mobile Wash & Lite Detail	24.00	Per wash
Extra Service Charge; Per 15 Mins. Rate	8.00	Per 15 minutes
Vehicle Service Life - Standard	115,000	
Vehicle Service Life - Patrol	100,000	

Attachment A
Fleet Services Rate Structure
July 1, 2009

Formulas

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