

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

158



FROM: Executive Office

SUBMITTAL DATE:
March 30, 2009

SUBJECT: SCRAPE Report

RECOMMENDED MOTION: (1) That the Board receive and file the attached SCRAPE Report, and (2) approve recommendations listed in the SCRAPE Report.

BACKGROUND: On February 3, 2009, the Board directed the Executive Office to analyze and report back on the feasibility, benefits and potential implementation of cost saving suggestions included in the Safeguard County of Riverside Against Preventable Expenses (SCRAPE) program. Attached is the report of the analysis and corresponding recommendations. Of vital importance to the County's budget integrity is the recommendation that a hiring freeze be implemented immediately for all county departments, agencies and districts, and a moratorium on vehicle purchases until July 1, 2009. It is essential that these budget controls be implemented immediately, and across the board, to protect the FY 2009-10 budget.

Departmental Concurrence

Jay Orr
Assistant County Executive Officer

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:	N/A

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

C.E.O. RECOMMENDATION: **APPROVE**
BY: **Bill Luna**
County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

3.51

SAFEGUARD COUNTY OF RIVERSIDE AGAINST PREVENTABLE EXPENSES

1. Utility Savings.

Implementing a synchronized 4/10-work schedule, where non-essential county facilities are closed every Friday, would, according to Facilities Management, save approximately \$1.6 million annually in utility costs. Implementation of a synchronized 9/80-work schedule, where non-essential county facilities close on alternate Fridays, could save approximately \$803,000 annually in utility costs.

Direct billing county departments, in county-owned facilities, for utility usage for the space they occupy would encourage individual departments to be cost sensitive in their operations to include turning off electronic equipment during non-business hours, weekends and holidays, and limiting the use of personal electrical devices.

The Department of Facilities Management has been proactively researching various means and methods that will generate utility savings in county owned facilities. It is recommended that Facilities Management continue their research and implement where feasible.

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

2. Execute new/revised vehicle take home policy with all departments.

Riverside County's fleet of vehicles is one of the largest in the state, with one car for every five employees. Some 970 county vehicles are assigned to employees for overnight retention, a substantial enough number to indicate the potential for savings.

The Executive Office is examining the numerous and varied county vehicle use issues. In addition, the Auditor-Controller is in the process of examining aspects of the take-home vehicle issue. The Executive Office has provided its preliminary analysis to the Auditor-Controller's Office for use in that office's audit.

Attached to the end of this report is the Vehicle Policy Review (Attachment A) prepared in response to Board action on February 3, 2009. It contains detailed recommendations in addition to those listed below. Additional recommendations are expected in connection with the presentation of the Auditor-Controller's audit.

In conjunction with the Vehicle Policy Review the Executive Office also examined the management vehicle use policy. Attached to the end of this report is the Executive Vehicle Policy (Attachment B) with recommendations.

The revisions and approval of the vehicle policy will be coordinated with the Auditor-Controller's audit of fleet operations that is nearly completed. This audit will provide an independent assessment of the adequacy of internal controls over the use of county vehicles and will allow the Executive Office to identify additional issues that should be addressed in the revised policy.

During the analysis of vehicles requested by departments for the FY 2009-10 budget, the Executive Office and Purchasing Department were able to reduce the request from 532 vehicles to 60 vehicles for a budget savings of \$11.2 million.

Recommendation: (1) Direct Executive Office to revise Board Policy D-10 to incorporate the revisions recommended in the attached Vehicle Policy Review and Executive Vehicle Review reports and return to the Board for adoption; (2) Annually establish a cash allowance rate in the adoption of the final budget; (3) Advise Department Heads that assignment of vehicles to management staff not directly governed by policy should be limited to business necessity and otherwise discontinued; (4) Direct all county departments to file their Overnight Retention Request Forms for Fiscal Year 2009-10 with the Executive Office by May 4, 2009; (5) Place a moratorium on county vehicle purchases until July 1, 2009.

3. County Funded Cellular Telephone Revised Policies.

The County utilizes the California State contracts for cell phones, resulting in the lowest cost offered. Because no one cell phone carrier provides complete coverage countywide, departments contract with authorized carriers based on their needs. As a cost saving measure, the county combines like-carrier phones into calling groups where the phones in that group utilize minutes from a central pool.

Riverside County Information Technology department (RCIT) is recommending that a single department manage all cell phone and payment plans. This will assure consistency in review and audit of all cellular phone plans, establishment of a larger pool of minutes that can be shared more efficiently and better asset management.

RCIT is in the process of conducting a study of the county's communication needs and will report to the board upon completion of the study.

Recommendation: Direct RCIT to report to the County Executive Officer with a written plan to address billing and control issues relating to cellular phone use.

4. Re-evaluate the need and/or use of telephone land lines.

RCIT regularly checks for "blocked" devices (digital lines that are unplugged or broken) and works with the county department assigned the device to determine the devices status and recommends a course of action. RCIT also conducts a

separate evaluation for common area devices (conference room phones, fax/modems, fire and burglar alarms, etc.) to determine if the devices are blocked.

RCIT performs a quarterly audit to review all charges from the county's telephone company providers for both voice and data backbone charges as well as circuits departments pay for directly. The audit identifies fraudulent charges, usage charges, confirms disconnected lines are no longer billed and other charges. In 2008 this audit saved \$250,000 in errant charges.

Assigning a cellular telephone versus a landline is dictated by the individual employee's job responsibilities and whether those responsibilities require field work. In general, landlines provide better coverage, call quality, a set cost for incoming calls, security and longer phone life expectancy.

RCIT is in the process of conducting a study of the county's communication needs and will bring the results of that study forward once it is complete.

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

5. Utilize more group purchasing power for countywide needs.

The county utilizes a central procurement process, which involves competitive bids and group purchasing, to achieve maximum volume discounting. The Purchasing Department regularly compares their costs to several other purchasing groups to assure that the county receives competitive pricing.

The Purchasing Department has begun a process that asks existing contractors and suppliers for additional discounts. Purchasing, in one instance, received an additional 5% discount resulting in an approximately \$21,000 annual savings.

Recommendation: Direct the Purchasing Department to continue monitoring procurement process for additional cost savings and seek additional discounts where possible.

6. Encourage video conferencing throughout County.

A recent survey of county departments' use of video conferencing indicated that while some departments are using video conferencing much of the equipment is being underutilized. Reasons cited for the underutilization are the age of the video conference equipment, difficulty of use, inadequate technical support when problems occur and poor video and audio quality. RCIT is currently preparing an RFP for video conferencing services.

Recommendation: Direct RCIT to provide the County Executive Officer with recommendations on the use of video conferencing technology in 90 days.

7. County Funded Food and Beverage Policy.

Board Policy D-1 (Reimbursement for General Travel and Other Actual and Necessary Expenses) provides policy guidance on travel related food reimbursements. Government Code 29741 authorizes the Auditor-Controller to deny expenditures for inappropriate expenditures. To better delineate authorized expenditures of food and beverages from county funds it is being recommended that Board Policy D-1 be revised.

Recommendation: Direct the Executive Office to return in 90 days with revisions to Board Policy D-1 (Reimbursement for General Travel and Other Actual and Necessary Expenses).

8. Mandatory OASIS Participation.

Greater use of OASIS PeopleSoft by all departments presents opportunities for savings through eliminating duplicate costs in hardware, software, system maintenance, system hosting, staffing and training. In addition, countywide participation would increase the total pool of transactions that OASIS' rates are determined by thus lowering OASIS rates for all departments.

A comprehensive analysis of all non-PeopleSoft applications ("shadow systems") would need to be undertaken in order to determine the feasibility of migrating the function to PeopleSoft, the configuration or modifications to PeopleSoft to facilitate the migration and train department staff to use PeopleSoft.

Recommendation: Direct OASIS to report to the Executive Office in 90 days with a list of all non-Peoplesoft applications used by county departments; evaluate the feasibility and cost of integrating those applications into PeopleSoft and provide a plan to integrate applications that provide savings.

9. Transition to paperless/electronic transactions.

PeopleSoft provides for electronic fund transmissions (EFT) but this module is not currently deployed. Implementation is underway to obtain payment information from vendors and other payees, which will be followed by entering information into PeopleSoft and training staff in EFT operations.

Recommendation: (1) Direct OASIS and the Auditor-Controller's Office to continue implementation of an electronic fund transmissions module of PeopleSoft; (2) Direct the Executive Office and RCIT to study other information technology applications to make government more accessible to the public and report back to the Board of Supervisors in 90 days.

10. Implement a charge for costs associated with the use of Board Chambers.

Board Policy H-23 (County Board Room and Main Lobby of the County Administrative Center Annex Use Policy) governs the use of both the Board Chambers and the Main Lobby. The Executive Office and Clerk of the Board will review the usage of the Board Chambers and Board Policy H-23 and return with policy recommendations.

Recommendation: Direct the Executive Office and Clerk of the Board to return in 90 days with a review and recommendations to Board Policy H-23.

11. County travel policies.

The Executive Office and Auditor-Controller's Office are currently reviewing Board Policy D-1 (Reimbursement for General Travel and Other Actual and Necessary Expenses). It is recommended that the policy be brought the Board of Supervisors in 90 days with recommendations that include any cost saving opportunities that exist. In addition the Purchasing Department should embark on an education program to assist county departments with controlling travel costs.

Recommendation: (1) Direct the Executive Office and Auditor-Controller's Office to return to the Board of Supervisors in 90 days with revisions to Board Policy D-1; (2) Direct the Purchasing Department to report back to the County Executive Officer on an educational program to assist county departments to contain travel costs.

12. Continue and enhance efforts to recycle countywide.

On February 3, 2009, the Board approved Board Policy A-64 (Environmental Purchasing) that supports procurement of recycled products and purchase of environmentally preferable products. Implementation of this policy will further the county's recycling efforts.

To further the County's efforts to protect our environment it is recommended that a task force be formed to examine and implement a program to make county government more environmentally friendly ("Greener").

Recommendation: Direct the Executive Office to form a task force to examine and implement a program to make county government more environmentally friendly.

13. County Vehicle Purchasing and Maintenance.

In November 2008 the Board approved revisions to Board Policy D-2 (Use and Purchase of County Vehicles) which set the fuel efficiency standard at 25 miles per gallon for the county fleet and established a Vehicle Review Committee to review vehicle purchases. In addition, the Auditor-Controller's Office (ACO) is examining other aspects of the take-home vehicle issue and will report to the Board upon completion of the examination. Item number 2 includes a moratorium on vehicle purchases. It is therefore being recommended that this item be deferred until the ACO files its report.

Recommendation: Defer any recommendations until the Auditor-Controller's Office files their county vehicle report.

14. Encourage and increase number of county volunteers.

Currently, county departments individually coordinate the placement of volunteers and some larger departments have formal volunteer coordinators. To further take advantage of the volunteer work force, a survey of departments on their use and need for volunteers should be conducted and a policy developed.

Recommendation: Direct the Executive Office and Human Resources Department to survey departments on their use and need for volunteers and return in 90 days with a policy on volunteer use.

15. Evaluate employee cost containment measures, for both general and elected, management and confidential, including but not limited to, potential salary and/or benefit concessions for a finite period of time.

At the Board's direction the Executive Office has implemented a Maximum Fill Rate (MFR) program whereby a department's hiring is limited to filled positions and the financial resources to support those positions. In light of the continuing economic uncertainty, deteriorating revenues, falling assessed valuation, and the state budget crisis, the Executive Office recommends a hiring freeze until July 1, 2009. This will also allow the savings from the early retirement program to be realized and to set the appropriate MFR levels for FY 2009-10 in connection with the adoption of the final budget.

In addition, the cap on Management Leave Buydown approved by the Board will produce gross savings of up to \$4 million. The early retirement offered to miscellaneous employees has resulted in over 700 employees accepting the offer for a gross savings of close to \$50 million annually and a net of \$20 – \$25 million annually.

Human Resources is in negotiations with half of the bargaining units regarding various wage issues. A freeze in wage increases for those bargaining units with

an MOU already approved by the Board will be difficult to achieve. On today's Board agenda is a companion report in which the County Executive Officer recommends that unrepresented employees be subject to the same salary and benefit curtailments that represented bargaining units may agree to.

Recommendation: Institute a hiring freeze for all county departments, agencies and districts effective immediately until July 1, 2009.

16. Eliminating the use of overtime and TAP employees, where possible, with admonishments where abused.

The use and payment of overtime is dictated by individual MOU's with bargaining units. The largest overtime costs are incurred by the Sheriff's Department. The Executive Office has been working with the Sheriff's Department to develop strategies to reduce overtime.

Savings in the TAP program may be achieved through stronger monitoring and stricter guidelines. The Executive Office and Human Resources will review the TAP program, institute a monitoring system, and develop guidelines to make the TAP program more cost effective.

Recommendations: Direct the Executive Office and Human Resources to review the TAP program, institute monitoring system, and develop guidelines to make the TAP program more cost effective.

17. Encourage managers to continue to work with voluntary furlough requests of employees

The voluntary furlough program is still being offered, though there is some uncertainty by many employees on the program. Efforts should be made to educate county employees on the program.

Recommendation: Direct Human Resources to develop an educational brochure on voluntary furloughs and make it available to employees.

18. Annual performance reviews by all departments to help maintain productive employees.

Board Policy C-21 (Employee Performance Evaluation Reports) establishes the employee performance review process, the frequency of reviews and places the responsibility of administration with the Executive Office.

Human Resources has an automated performance review tool that is available to departments that provides a time saving process in completing performance evaluations. Departments should be encouraged to utilize this automated system where feasible.

Recommendation: Direct Human Resources to work with those departments not using the automated performance review tool toward using it where feasible.

19. Analyze the PERS Credit program for feasible adjustments that could result in cost savings.

The Pension Advisory Review Committee (PARC) was formed to review county pension issues and provide recommendations to the Board. It is therefore recommended that the PARC review the county's retirement program and identify potential areas that can be reformed.

Recommendation: Direct the Pension Advisory Review Committee to review pension reform options and report back when appropriate.

20. Consolidation and reduction in county non-performing assets.

To accomplish this objective it is recommended that the Department of Facilities Management review county owned real property to identify surplus real property that can be sold and returned to tax roll; identify vacant county owned property, but not considered surplus, that can be leased to outside parties for additional revenue; identify county owned buildings with high vacancy rates and relocate General Fund supported county departments to these facilities.

Recommendation: Direct the Department of Facilities Management to (1) identify surplus county owned real property and provide recommendations on the best use of those real properties, and (2) identify vacancies in county owned facilities and General Fund supported county departments that can be relocated to those facilities.

21. Project Risk.

The Department of Facilities Management reassessed the risk level for smaller projects (painting, remodeling, etc.) and, based on advice and guidance from Risk Management and County Counsel, the county could save money if county staff were used for these projects. The Department of Facilities Management will use this process wherever feasible.

Recommendation: Direct the Department of Facilities Management to use county staff for smaller projects (painting, remodeling, etc.) wherever feasible.

22. Janitorial reduction costs.

The Department of Facilities Management has identified a number of cost saving measures, such as reducing the use of TAP employees; not back-fill non-essential staff positions; and working with county departments to develop and

provide a more tailored approach to janitorial services to reduce work inefficiencies and waste. The Department of Facilities Management will implement these measures immediately.

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

23. Re-evaluate the frequency of landscape maintenance.

The Department of Facilities Management recommends a re-evaluation of the county's landscape maintenance methods to identify maintenance that can be reduced or modified to achieve cost savings on a consistent and sustainable basis.

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

24. Utilize existing/surplus furniture and equipment, where possible, in the construction of new and remodeled county facilities.

Surplus furniture is stored by the Purchasing Department and offered to departments needing furniture. The majority of surplus furniture is reused by departments or provided to non-profit organizations located and doing business in the county.

New construction of county facilities and remodeling of existing county owned facilities often include the purchase of new furniture and equipment. To maximize the county's investment in previously purchased furniture, it is recommended that the Department of Facilities Management coordinate with the Purchasing Department on the use of surplus furniture and equipment for new construction and re-modeling projects prior to purchasing furniture.

Recommendation: Direct the Department of Facilities Management to coordinate with the Purchasing Department on the use of surplus furniture and equipment for new construction and re-modeling projects.

SUMMARY OF RECOMMENDATIONS

1. Utility Savings.

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

2. Execute new/revised vehicle take home policy with all departments.

Recommendation: (1) Direct Executive Office to revise Board Policy D-10 to incorporate the revisions recommended in the attached Vehicle Policy Review and Executive Vehicle Review reports and return to the Board for adoption; (2) Annually establish a cash allowance rate in the adoption of the final budget; (3) Advise Department Heads that assignment of vehicles to management staff not directly governed by policy should be limited to business necessity and otherwise discontinued; (4) Direct all county departments to file their Overnight Retention Request Forms for Fiscal Year 2009-10 with the Executive Office by May 4, 2009; (5) Place a moratorium on county vehicle purchases until July 1, 2009.

3. County Funded Cellular Telephone Revised Policies.

Recommendation: Direct RCIT to report to the County Executive Officer with a written plan to address billing and control issues relating to cellular phone use.

4. Re-evaluate the need and/or use of telephone land lines.

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

5. Utilize more group purchasing power for countywide needs.

Recommendation: Direct the Purchasing Department to continue monitoring procurement process for additional cost savings and seek additional discounts where possible.

6. Encourage video conferencing throughout County.

Recommendation: Direct RCIT to provide the County Executive Officer with recommendations on the use of video conferencing technology in 90 days.

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10. Implement a charge for costs associated with the use of Board Chambers.

Recommendation: Direct the Executive Office and Clerk of the Board to return in 90 days with a review and recommendations to Board Policy H-23.

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Recommendation: : (1) Direct the Executive Office and Auditor-Controller's Office to return to the Board of Supervisors in 90 days with revisions to Board Policy D-1; (2) Direct the Purchasing Department to report back to the County Executive Officer on an educational program to assist county departments to control travel costs.

12 Continue and enhance efforts to recycle countywide.

Recommendation: Direct the Executive Office to form a task force to examine and implement a program to make county government more environmentally friendly.

13. County Vehicle Purchasing and Maintenance.

Recommendation: Defer any recommendations until the Auditor-Controller's Office files their county vehicle report.

14. Encourage and increase number of county volunteers.

Recommendation: Direct the Executive Office and Human Resources Department to survey departments on their use and need for volunteers and return in 90 days with a policy on volunteer use.

15. Evaluate employee cost containment measures, for both general and elected, management and confidential, including but not limited to, potential salary and/or benefit concessions for a finite period of time.

Recommendation: : Institute a hiring freeze for all county departments, agencies and districts effective immediately until July 1, 2009.

16. Eliminating the use of overtime and TAP employees, where possible, with admonishments were abused.

Recommendation: Direct the Executive Office and Human Resources to review the TAP program, institute monitoring system, and develop guidelines to make the TAP program more cost effective.

- 17. Encourage managers to continue to work with voluntary furlough requests of employees.**

Recommendation: Direct Human Resources to develop an educational brochure on voluntary furloughs and make it available to employees.

- 18. Annual performance reviews by all departments to help maintain productive employees.**

Recommendation: Direct Human Resources to work with those departments not using the automated performance review tool toward using it where feasible.

- 19. Analyze the PERS Credit program for feasible adjustments that could result in cost savings.**

Recommendation: Direct the Pension Advisory Review Committee to review pension reform options and report back when appropriate.

- 20. Consolidation and reduction in county non-performing assets.**

Recommendation: Direct the Department of Facilities Management to (1) identify surplus county owned real property and provide recommendations on the best use of those real properties, and (2) identify vacancies in county owned facilities and General Fund supported county departments that can be relocated to those facilities.

- 21. Project Risk.**

Recommendation: Direct the Department of Facilities Management to use county staff for smaller projects (painting, remodeling, etc.) wherever feasible.

- 22. Janitorial reduction costs.**

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

- 23. Re-evaluate the frequency of landscape maintenance.**

Recommendation: That the department continue to provide this service, while seeking additional opportunities to improve efficiency and reduce costs.

- 24. Utilize existing/surplus furniture and equipment, where possible, in the construction of new and remodeled county facilities.**

Recommendation: Direct the Department of Facilities Management to coordinate with the Purchasing Department on the use of surplus furniture and equipment for new construction and re-modeling projects.

ATTACHMENT A

Vehicle Policy Review



County of Riverside
Executive Office

April 2009

Introduction

In the Mid-year Budget Report, presented to the Board of Supervisors at the February 3, 2009 meeting, the Board approved a motion to:

1. direct the Executive Office and Fleet Services to review and update the Board's vehicle policy and return within 30 days;
2. direct all department heads to provide all vehicle information requested by the Executive Office; and,
3. require the new policy, with rare exceptions, to limit overnight retention to first responders and cars tied to employee contracts.

On February 25, 2009, the Board granted a 30-day continuance for the review.

Methodology

In order to complete the analysis as directed by the Board of Supervisors, analysts from the Executive Office:

- Reviewed relevant county policies and ordinances including Board Policy D10, *Overnight Retention of County Vehicles*.
- Analyzed and reviewed vehicle use data from Fleet services for the period beginning March 1, 2007 and ending February 28, 2009.
- Analyzed and reviewed personnel payroll data from Human Resources for the period beginning March 1, 2007 and ending February 28, 2009.
- Analyzed and reviewed overnight vehicle retention data from the Executive Office for the period beginning March 1, 2007 and ending February 28, 2009.
- Interviewed a sample of county departments about vehicle assignment and retention practices.
- Contacted various counties and inquired about vehicle assignment and retention practices.

Conclusions and Recommendations

Based on our review, we have reached the following conclusions about the current county vehicle policy:

- The current policy for granting overnight vehicle retention authorization to individuals instead of vehicles does not adequately prevent waste and abuse by departments.
- The absence of adequate controls over the retention of vehicles overnight hinders the enforcement of any policy the Board may approve.
- The lack of a comprehensive countywide vehicle use policy resulted in implementation of inconsistent, inefficient vehicle use practices within individual departments.
- The lack of a formal, written policy regarding executive management use of county vehicles resulted in inconsistencies in the use of county vehicles as part of an executive pay plan.

Based on our conclusions, it is therefore recommended that the Board of Supervisors:

- 1) Direct the Executive Office to revise Board Policy D-10, *Overnight Retention of County Vehicles*, to better promote the effective and efficient use of county vehicles. More specifically, the policy should be revised to:
 - a. Outline the county's general vehicle use policies with specific sections addressing county policies related to the overnight retention of vehicles and the use of county vehicles as part of an executive management pay plan.
 - b. Associate the authorization of the overnight vehicle retention with vehicles instead of individuals. Departments would be responsible for submitting requests for overnight vehicle authorizations to the Executive Office annually and updating as needed during the year. The number of authorizations approved would be in direct correlation to the maximum number of employees on standby during any day during the previous two fiscal years. Requests should correspond with payroll records.
 - c. Return the responsibility of authorizing overnight vehicle retention by employees to county departments. Departments would need to ensure its overnight retention practices are consistent with the intent of Board Policy D-10, it promotes the most cost effective use of county resources, and it limits overnight vehicle assignments to the number of vehicles authorized for overnight retention.
 - d. Improve documentation requirements for overnight vehicle retention to ensure practices can be adequately monitored by Fleet Services on a monthly basis and reviewed by the Auditor-Controller during its routine audit of county departments.
- 2) Consider freezing the purchase of new county vehicles until a revised policy has been adopted.

ATTACHMENT B

Executive Vehicle Policy

Background

The issue of vehicles assigned to executive managers emerged during the evaluation of the county fleet. The related issue of the executive managers' vehicle allowance, which has not been reviewed recently, also needed updating.

Essentially, the vehicle allowance is a benefit and an appropriate industry standard. Two options are presently offered:

1. Assignment of a county car purchased, fueled and maintained by the county. A nominal daily charge (\$3) is imposed on the employee.
2. Payment of a cash allowance, presently \$550/month, and reimbursement of work-related mileage at IRS approved rates.

Generally, an allowance should be competitive with the value of a county acquired and maintained vehicle to discourage the vehicle choice. However, given that the allowance has not been revised in a decade, a county vehicle's intrinsic value may have surpassed the cash allowance.

The process for selecting county vehicles is fairly simple: a vehicle type is requested and selected, the vehicle market and options are reviewed, and a vehicle is acquired and put into service. As purchase and maintenance costs have increased, some executive managers have abandoned the allowance and the county fleet has expanded. In times of economic stress, reducing the fleet size limits long-term corporate investment.

We should consider adjusting the allowance if doing so reduces the size of the county fleet, as well as overall costs. As the economic model is emphasized, use of county acquired and maintained vehicles generally should be discontinued. The economic model should be regularly reviewed and updated so that it is fair and balanced.

The executive vehicle policy should apply only to those who have clear eligibility. Use of county vehicles now assigned to other management staff for other purposes should be reevaluated and generally discontinued.

County Vehicle Option

When a county vehicle is preferable for business necessity, the county provides insurance coverage, maintenance and fuel. Acquisition costs generally are amortized over four years and vehicles are then reassigned to the fleet or sold within existing policies and practices.

The county vehicle option might be most common among elected officials. The Sheriff, for example, might prefer a vehicle outfitted with public-safety equipment. The county is best equipped to acquire a vehicle with that special package. Some Board members might prefer a particular vehicle to improve their access to remote areas of their districts.

Fleet Services can conduct those acquisitions and use its expertise to find vehicles that best match needs. While precise cost ranges for a particular class of vehicle are difficult to pinpoint, reasonable costs should govern: sedans in a lower range (\$30-40K), larger vehicles in an intermediate range (\$40K-\$50K). Should elected officials want to further develop this control, those purchases could undergo secondary review. The ranges, however, should be adequate in most cases. Fleet Services should update the ranges as market costs change or to meet specific policy goals. Examples include evaluating market premiums on hybrid vehicles that help meet clean-air goals.

Vehicle Allowance Option

As previously mentioned, the current rate should be evaluated against the current competitive market. The rate should be set at a level that does not create an incentive favoring the county vehicle option. The monthly cash allowance should reflect the current market and be adopted with the annual budget. The allowance could be built based on the equivalent of an annual lease value, including insurance, license and maintenance. It is paid as additional wages subject to withholding for both income and FICA taxes but not base compensation that affects retirement and other benefit programs.

The following table shows comparable rates in local counties:

COUNTY	Classification	Monthly Vehicle Allowance	Eligible for Vehicle instead of Allowance
San Bernardino	Elected & Exempt Management	\$1,123.08	Yes
San Diego	Elected & CEO	\$1,000.00	No
	Asst. CEO & Dept. Heads	\$666-\$750	No
Los Angeles	Elected	\$620.00	
	CEO	\$620.00	
	County Counsel	\$620.00	
	Other Dept Heads	\$525.00	
	With option to lease vehicle for allowance plus \$50 per month.		
Orange	Board Members/CEO/Dept. Heads	\$765.00	Yes

1937 Act Counties may treat vehicle allowance as compensation earned

Control of County Fleet

As previously stated, our corporate goal should be to control costs and the size of the county fleet. An economic model should be emphasized and the transition to this model should occur in an orderly fashion, to minimize loss of vehicle value. Therefore, current county-acquired vehicles should continue in use with plans for phase-out. Department heads with county vehicles should operate with the following choices:

1. Transition to a vehicle allowance would occur after the vehicle has reached 115,000 miles or is seven years old, is paid off and transferable to another use, or is ready for surplus.
2. The vehicle can be purchased by the user from the county at a price established by Fleet Services. Transition can then occur to the vehicle allowance.
3. The vehicle is returned to the fleet by notification to Fleet Services requesting transition to a vehicle allowance. The fleet director will work to reassign the vehicle for other use. Transition can then occur to the vehicle allowance.

Implementation

Therefore, we recommend that the Executive Office be directed to:

1. Amend Board policy D-10 to incorporate these revisions and a recommended implementation date and return to the Board for adoption;
2. Annually establish a cash allowance rate in the adoption of the final budget;
3. Advise Department Heads that assignment of vehicles to management staff not directly governed by policy should be limited to business necessity and otherwise discontinued.