

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



ITEM
3.50
(ID # 3436)

MEETING DATE:

Tuesday, February 7, 2017

FROM : PURCHASING:

SUBJECT: PURCHASING AND FLEET SERVICES: Approval of FY2017/18 Rates for Fleet Services, All Districts. [\$8,391,552 Departmental Budgets 100%]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the FY2017/18 proposed rates for Fleet Services (Attachment A);
2. Approve the waiver of Board Policy B-28 for the use of unrestricted net assets in the amount of \$2,975,000 for FY17/18 for capital assets; and,
3. Approve the reserve plan for capital asset replacement for FY18/19 – 21/22 (Attachment C).


ACTION: Policy


Lisa Brandl, Director of Purchasing and Fleet Services 1/23/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: February 7, 2017
xc: Purchasing

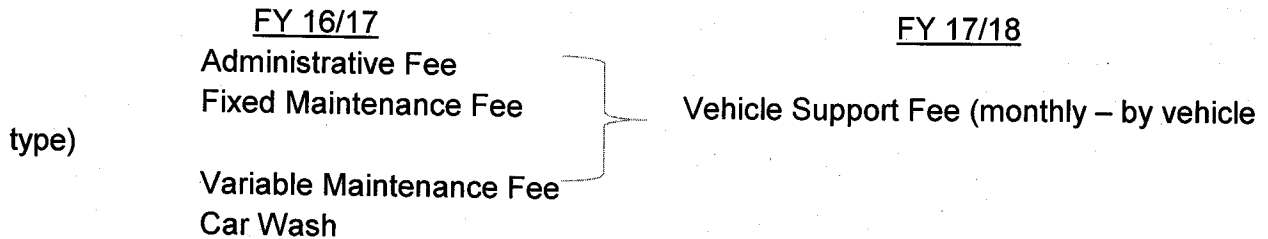
Kecia Harper-Ihem
Clerk of the Board
By 
Deputy

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BACKGROUND:

Summary

This request is for the purpose of establishing Fleet Services rates for fiscal year 2017/2018. In FY 2015-16, Fleet Services retained the services of KMPG to review the fleet operations of the department. The review identified that the current rate methodology encourages underutilization of old *non-patrol* fleet vehicles. Within the report, KMPG identified the leading fleet management practice to minimize fleet size and utilize alternate transportation options. Recommendations included the restructuring of the rates to incentivize the reduction of older, underutilized vehicles and encourage the use of various options of mobility to meet business needs. As a result of the review, Fleet Services has simplified the rate structure by providing four basic monthly fleet costs for three types of vehicles, as outlined in Attachment A. Below is the proposed restructure of the most common fleet rates:



For the vast majority of fleet vehicles, (97.5%), the monthly fee will cover the cost of preventative maintenance, fleet maintenance operations, parts, and car wash. The monthly fee remains flat every month regardless of how many miles a vehicle is driven. Special purpose vehicles, which represent (2.5%) of the fleet, will be charged on a per work order basis, as they require additional labor and specialized parts and include diesel buses, motor homes, mini buses and medium to heavy trucks.

An underutilized vehicle, (generally over 6,000 miles or less per year), represents the greatest cost to the county's fleet operations. An aging, underutilized vehicle costs more in time and labor to maintain, yet the current rate structure does not provide the true costs associated with it. The current rate structure actually incentivizes keeping them well beyond the normal recommended time per fleet management best practices. Additionally, a newer model county vehicle driven less than 6,000 miles per year is not a cost effective use of county funds. With the county's goal to be more efficient and create savings for departments, it is important for Fleet Services to emphasize fleet management best practices. This recommended rate structure supports that initiative.

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Going to a monthly charge regardless of age or use of the vehicle requires a department to determine if it is cost effective to have an assigned fixed price vehicle that is not driven a minimum of 6,000 miles a year. To accommodate a department's need for vehicles on an as-needed basis, Fleet Services offers hourly and daily fleet vehicle rental rates. For clarification purposes, Fleet Services does not manage vehicles for the following departments: Fire, Flood Control, Waste Resources, and Transportation.

FY17/18 operational costs have been decreased by \$1,664,739 from current year costs. Fleet Services will continue to collaborate with KMPG to address further recommendations on new operational models that can achieve further efficiencies, such as the use of shared vehicles between departments for better utilization, private mileage reimbursement, the potential use of ZIP vehicles, and a vehicle replacement process. Attachment B provides the proposed projected charges to customers utilizing the new rate model.

Fleet customers have seen a reduction in fuel costs as commercial fuel prices have been lower than past years. For FY17/18 the fuel operations rate remains the same to support the fuel islands and operations to distribute fuel to thirteen (13) county fuel locations. The daily fleet rental rates will also remain the same for FY17/18.

Fleet Services is requesting the use of \$2,975,000 in unrestricted net assets for the replacement of 50 vehicles, Moreno Valley garage site improvements and shop equipment replacement at the fleet facilities in FY17/18. Attachment C identifies the capital equipment purchases for FY17/18-FY21/22. For FY16/17 Fleet Services expenses are projected to be less than required to provide services for this fiscal year. As a result the department will be processing a rebate and will coordinate with the Executive Office and the Auditor Controller's Office to process in current fiscal year.

Attachments:

Attachment A – Proposed FY 2017/18 Rates for Fleet Services

Attachment B – Estimated costs per Department

Attachment C – Five Year Capital Asset Plan

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ N/A	\$ 8,391,552	\$ 8,391,552	\$ N/A

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NET COUNTY COST	\$	N/A	\$	N/A	\$	N/A	\$	N/A
SOURCE OF FUNDS: Departmental Budgets						Budget Adjustment: No		
						For Fiscal Year: 2017/18		

C.E.O. RECOMMENDATION: APPROVE


Lisa Brandl, Director of Purchasing and Fleet Services 1/23/2017

**Attachment A
Fleet Services Rate Structure
As of July 1, 2017**

Assigned Vehicle Maintenance and Motor Pool Rental Rates

Vehicle Type	Vehicle Description	Motor Pool Coding	FY 2017 Assigned Maint per Mile	FY 2018 Vehicle Support per Month*	FY 2018 Vehicle Support per Month With Telematics*	Motor Pool Rental Rates**		Motor Pool Rental Rates**		
						FY 2017 Per Hour	FY 2017 Full Day	FY 2018 Per Hour	FY 2018 Full Day	FY 2018 Motor Pool Maintenance Per Mile**
1	Sub Compact Sedan	Sedan 01	.13	129.00	149.20					
2	Compact Sedan	Sedan 02	.13	129.00	149.20	7.35	29.40	7.35	29.40	.089
3	Intermediate Sedan	Sedan 03	.14	129.00	149.20	8.40	33.60	8.40	33.60	.089
4	Mini Van	Van 01	.14	129.00	149.20	12.08	48.30	12.08	48.30	.089
21	4x2 Utility (SUV)	SUV 03	.15	129.00	149.20	15.23	60.90	15.23	60.90	.089
22	Full Size Sedan	Sedan 04	.14	129.00	149.20	9.98	39.90	9.98	39.90	.089
5	Full Size Van	Van 02	.15	177.00	197.20	15.23	60.90	15.23	60.90	.16
8	Mini Pick Up	Truck 01	.14	177.00	197.20	9.45	37.80	9.45	37.80	.16
9	1/2 Ton Pick Up	Truck 02	.14	177.00	197.20	12.60	50.40	12.60	50.40	.16
10	3/4 Ton Pick Up	Truck 06	.16	177.00	197.20	13.13	52.50	13.13	52.50	.16
11	4x4 Mini Pick Up	Truck 08	.16	177.00	197.20	9.98	39.90	9.98	39.90	.16
12	4x4 1/2 Ton Pick Up	Truck 03	.16	177.00	197.20	12.86	51.45	12.86	51.45	.16
13	4x4 3/4 Ton Pick Up	Truck 04	.16	177.00	197.20	15.49	61.95	15.49	61.95	.16
14	4x4 Mini Utility	SUV 01	.15	177.00	197.20	11.55	46.20	11.55	46.20	.16
15	4x4 Utility	SUV 02	.15	177.00	197.20	23.63	94.50	15.49	61.95	.16
20	Patrol		.19	272.00	-					
23	Patrol SUV		.19	272.00	-					
6	Diesel Bus		Actual WO	Actual WO	Actual WO					
7	Mini Bus		Actual WO	Actual WO	Actual WO					
16	Medium Truck	Truck 05	Actual WO	Actual WO	Actual WO	15.49	61.95	15.49	61.95	.16
17	Heavy Truck	Truck 07	Actual WO	Actual WO	Actual WO	25.99	103.95	25.99	103.95	.16
18	Motor Home		Actual WO	Actual WO	Actual WO					
19	Special Purpose		Actual WO	Actual WO	Actual WO					

* Assigned maintenance per month includes administrative charge, vehicle maintenance and car wash. Telematics subscription is added at cost when activated at market rate.

**Maintenance per mile and fuel are charged in addition to the rental rate. Fuel is based on actual fuel cost plus markup.

Other Services

Service	FY 2017 Rate	FY 2018 Rate	Unit
Fuel - Fleet Services Sites	.20	.20	Per gallon markup
Fuel - Commercial	.06	.06	Per gallon markup
Parts	20%	-	Mark up
Sublet	10%	-	Mark up
Shop Labor Rate - Fleet Services Vehicles	49.88	49.88	Per hour
Shop Labor Rate - Non Fleet Services Vehicles	79.92	101.00	Per hour
Administrative Services Rate	28.00	-	Per month per vehicle
Maintenance - Fixed Monthly Charge	34.00	-	Per month per vehicle
Automatic Car Wash	3.00	-	Per wash
Automatic Car Wash - Non Fleet Vehicles	3.00	3.00	Per wash
Admin and Fixed Maint (Types 6,7,16,17,18,19)	62.00	62.00	Per month per vehicle
Vehicle Service Life - Standard	115,000	115,000	
Vehicle Service Life - Patrol	100,000	100,000	

**Attachment B
Fleet Services
FY 17/18 Customer Charges**

Dept	Dept Name	Vehicle Count	Mileage	Average Mileage	FY 16/17	FY 16/17	FY 16/17	FY 16/17	FY 16/17	FY 17/18	Change
					Variable Maintenance Per Mile	Fixed Maintenance Rate - \$34	Fixed Administrative Charge - \$28	Car Wash	Charge	Vehicle Support Total	
100	BOARD OF SUPERVISORS	8	52,357	6,545	7,466	3,264	2,688	108	13,526	12,960	(566)
110	EXECUTIVE OFFICE	1	3,288	3,288	493	408	336	33	1,270	2,124	854
113	HUMAN RESOURCES	5	39,844	7,969	5,909	2,040	1,680	156	9,785	7,740	(2,045)
120	ASSESSOR	38	246,498	6,487	35,248	15,504	12,768	726	64,246	65,736	1,490
140	TREASURER-TAX COLLECTOR	6	28,563	4,761	4,284	2,448	2,016	210	8,958	11,016	2,058
170	REGISTRAR OF VOTERS	1	6,310	6,310	947	408	336	-	1,691	2,124	434
190	ECONOMIC DEVELOPMENT AGENCY	35	221,864	6,339	32,067	14,280	11,760	897	59,004	58,212	(792)
191	COUNTY AIRPORTS	2	30,361	15,181	4,858	816	672	93	6,439	4,248	(2,191)
192	DESERT EXPO CENTER	2	11,551	5,776	1,760	816	672	15	3,263	3,672	409
193	EDWARD DEAN MUSEUM	1	5,486	5,486	768	408	336	-	1,512	2,124	612
200	EMERGENCY MANAGEMENT DEPT	4	11,742	2,936	1,761	1,632	1,344	117	4,854	8,496	3,642
220	DISTRICT ATTORNEY	260	1,938,485	7,456	282,003	106,080	87,360	5,046	480,489	426,564	(53,925)
230	DEPT OF CHILD SUPPORT SERVICES	13	76,584	5,891	10,728	5,304	4,368	681	21,081	20,700	(381)
240	PUBLIC DEFENDER	26	259,422	9,978	36,534	10,608	8,736	825	56,703	40,248	(16,455)
250	SHERIFF	1,762	19,087,371	10,833	3,313,629	718,896	592,032	49,710	4,674,267	4,646,844	(27,423)
260	PROBATION	281	1,677,930	5,971	238,522	114,648	94,416	8,580	456,166	467,196	11,030
280	AGRICULTURAL COMMISSIONER	40	323,942	8,099	46,581	16,320	13,440	624	76,965	75,744	(1,221)
310	TLMA	7	45,719	6,531	6,875	2,856	2,352	219	12,302	13,140	838
311	BUILDING AND SAFETY	14	189,657	13,547	28,490	5,712	4,704	444	39,350	27,432	(11,918)
312	PLANNING	7	17,249	2,464	2,540	2,856	2,352	84	7,832	13,140	5,308
313	TRANSPORTATION	53	634,827	11,978	95,710	21,624	17,808	1,179	136,321	109,116	(27,205)
314	CODE ENFORCEMENT	77	420,024	5,455	62,855	31,416	25,872	1,875	122,018	152,028	30,010
410	BEHAVIORAL HEALTH	136	1,276,307	9,385	180,087	55,488	45,696	6,498	287,769	213,984	(73,785)
420	COMMUNITY HEALTH AGENCY	231	1,970,853	8,532	299,070	94,248	77,616	5,109	476,043	440,532	(35,511)
430	RUHS	19	316,190	16,642	44,466	7,752	6,384	858	59,460	31,716	(27,744)
510	DPSS	587	5,576,479	9,500	787,921	239,496	197,232	15,252	1,239,901	922,500	(317,401)
520	DEPT OF COMMUNITY ACTION	7	56,044	8,006	8,501	2,856	2,352	534	14,243	14,868	625
530	OFFICE ON AGING	8	40,467	5,058	5,665	3,264	2,688	72	11,689	12,384	695
540	VETERANS SERVICES	2	1,858	929	262	816	672	24	1,774	3,672	1,898
720	FM-ADMINISTRATION	173	1,149,336	6,644	173,212	70,584	58,128	3,075	304,999	331,740	26,741
740	INFORMATION TECHNOLOGY	60	430,783	7,180	63,764	24,480	20,160	1,410	109,814	113,040	3,226
912	CSA 126 HIGHGROVE	1	10,276	10,276	1,644	408	336	9	2,397	2,124	(273)
913	CSA EDA	1	10,827	10,827	1,732	408	336	27	2,503	2,124	(379)
914	CSA EDA	2	15,972	7,986	2,556	816	672	84	4,128	3,672	(456)
931	PARKS	10	58,860	5,886	8,811	4,080	3,360	789	17,040	21,240	4,201
935	RIV CO HABITAT CONSRV AGENCY	2	18,954	9,477	3,033	816	672	99	4,620	4,248	(372)
938	CHILDREN & FAMILY COMM - 1ST 5	1	2,263	2,263	317	408	336	12	1,073	1,548	475
9490	RIDESHARE VEHICLES	62	688,852	11,111	100,423	25,296	-	1,290	127,009	99,432	(27,577)
980	PERRIS VALLEY CEMETERY	1	482	482	67	408	336	18	829	2,124	1,295
Total		3,946	36,953,877	9,365	5,901,558	1,609,968	1,305,024	106,782	8,923,332	8,391,552	(531,780)

Notes:

1. Data is an illustration using FY 15/16 end of year vehicle counts and mileage. Actual FY 16/17 charges may differ.
2. Data does not include 110 vehicles charged via work order only (e.g. large trucks and buses) and 254 Motor Pool vehicles.

Attachment C
Fleet Services
Five-Year Capital Equipment Needs/Reserve Plan

	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Total 5 Years
Fleet Services	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost	Estimated Cost	
Vehicles for Motor Pool - Med-sized Sedans	\$1,425,000	\$1,425,000	\$570,000	\$570,000	\$570,000	
Moreno Valley Garage Replacement	\$1,500,000	\$1,500,000				
Shop Equipment	\$50,000			\$50,000		
	\$2,975,000	\$2,925,000	\$570,000	\$620,000	\$570,000	\$7,660,000