

Final Report
City of Grants Pass
Performance Audit of Fleet



Submitted By
Fleet Counselor Services, Inc.

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Introduction

Fleet Counselor Services Inc., (FCS), was selected to perform an analysis of the City of Grants Pass fleet operations. The Fleet Department consists of 2 divisions; Vehicle Maintenance and Equipment Replacement. FCS performed a comparison of the existing operations to industry best practices. The results provide grading of 20 different activities that fleet staff should perform during the normal course of fleet management. As both fleet divisions do not have a Fleet Manager, FCS will refer to this position as the Management Entity. The Management Entity is defined as a collection of human resources that currently manage the fleet.

Throughout the report FCS refers to class code(s). A class code is a coding system to define fleet units that are (a) similar in job function, and (b) GVW (Gross Vehicle Weight) as maintenance costs will vary by weight. An example of the NAFA class code system for trucks 26,001 - 33,000 GVW is contained in Category 3.

FCS wishes to thank the staff at the City of Grants Pass for their support and outstanding cooperation during this project.

Executive Summary

Site Visits

FCS visited the maintenance garage and conducted interviews. The consultants made note of the facility size, condition, and available shop tools and equipment.

Results of Interviews with Vehicle and Equipment Customers

Overall customers rate Fleet high on the specification process, replacement cycles, mechanic's knowledge, and the repair service received. Customers would like more communication regarding repair status, especially if the repair is delayed due to parts or labor. This can be accomplished by allowing customers display access to Collective Fleet work orders. More importantly, by creating a daily status report that Fleet updates a repair status and that is either emailed to customers, or posted/updated on a Fleet website daily.

Industry Best Practices Testing Results

Fleet was tested on industry best practice and scored 123 points. Considering the average score is 114, Fleet did very well. FCS has over 250 clients working on certification and to date, only 15 clients have been certified. Passing all categories takes work and in some cases study. With support from upper management to implement best practice into fleet management, the City of Grants Pass will become certified as being efficiently run and cost effective.

Major Categories of Project Scope

I. Fleet Performance Audit - Core Audit Scope Areas

Vehicle Life and Maintenance Intervals - Evaluate the process for replacing vehicles and equipment, maintenance intervals (time or mileage suggestions), and methods for performing predictive and preventive maintenance. (Categories 9, and 10, and 13)

Fleet has a good PM program it just needs to be fine-tuned. Each class code of vehicles and equipment need their respective checklist that mirrors or exceeds the original manufacturers'

recommendations. Fleet should adapt the PM program and help the customers understand the importance of a good preventive maintenance program. The end user should receive monthly PM reports that tell the end user when their equipment is soon due, due, and overdue. Detail results are in Category 9 PM Program.

Fleet does not have a fully functioning predictive maintenance program. Component maintenance that occurs between PM intervals should be reviewed and added to the PM task list if it is consistently happening to a particular class code of vehicles or equipment. Fleet should look for opportunities to lower maintenance costs and at the same time improve repair practices and operator care. Mechanics should enhance the comments on the repair orders to help them find repairs that need to be added to the predictive maintenance program described in Category 10 and with performing life cycle analysis as described in Category 13.

Grants Pass does not have formal replacement criteria for all class codes of equipment. FCS used our standards for those class codes that did not have replacement criteria. We found 24 of 198 fleet units due or overdue for replacement based on our standards of depreciation age. This excludes the “cost vehicles” that have already been replaced and the 4 antique parade units. The 24 units overdue for replacement have an original purchase value of \$575,000. Due to 36% of the fleet not meeting minimum utilization standards, practically all units are replaced due to age as opposed to mile/hours and repair costs. Vehicles should be replaced based on a vehicle lifecycle analysis not just by age. Performing a lifecycle analysis is a fleet best practice and is described in Category 13. Rather than creating a specific age for replacement, create a replacement zone for each class code of equipment. Establish lifecycles by equipment class code and create a smoothed replacement plan.

When delivery of new vehicles and equipment occurs, old units **must** be turned into Fleet prior to releasing the new units to the departments. This should be a formal policy that will prevent the fleet from growing. Exceptions must have written justification from the department, Management Entity and Utilization Management Committee approval.

All vehicle class codes should have a lifecycle analysis performed, which should be updated annually. Detail results are in Category 13 Replacement Program.

Fuel - As the City's fleet mostly runs on gasoline, what is the most cost effective and efficient way to provide fuel? (Category 17)

The City of Grants Pass does not have a centralized fueling infrastructure. The City uses public commercial fuel sites to fuel their vehicles and equipment. Without a centralized fueling infrastructure the City is limited in their options for fuel savings. FCS recommends the City contact Josephine County Public Works to see what is available and how it compares to Hays Oil. Fleet should establish an emergency fueling contract with Josephine County to provide fuel during a catastrophic event if the private sector fuel sites are disabled. During an emergency it is best to have many alternatives. Using foresight now will allow for a smoother transition if the county should agree and an emergency situation occurs.

The most cost effective and efficient way to provide fuel to City vehicles and equipment is by using someone else's fuel sites. This relieves the City of the responsibility of meeting the various regulations, and the expense of installing and maintaining a fuel infrastructure.

After reviewing the fuel information it is unclear if the City is taking advantage of any fuel tax incentives. FCS recommends the Finance department follow up with the Oregon State of

Licensing Department about off road tax rebates. Detail results are in Category 17 Fuel Management and Alternative Fuel.

Mileage Used For City Owned Vehicles - How do departments limit the mileage put on vehicles? Are there any vehicles that are underutilized? What policies are in place on private versus personal use of vehicles and how does the City validate vehicles are only used for business reasons? (Category 12)

Grants Pass has 198 active units in their fleet. FCS evaluated 131 units for utilization. Excluded from the process were 4 antique vehicles, trailers, all vehicles and equipment less than 12 months old, and small equipment. We found that approximately 36% of the units evaluated, (47 units), failed to meet our minimum usage standards for a city form of government.

FCS recommends forming a Utilization Management Committee to monitor fleet usage and oversee the transfer of low usage vehicles and equipment for disposal or reassignment.

Fleet should create one additional vehicle and equipment pool. This pool should reside at the fleet maintenance facility and accommodate all class codes of equipment. The current City Hall pool should be more robust. All departments could utilize the current low usage equipment if these units were in a pool.

The City will incur some considerable savings by following our recommendations. Detail results are in Category 12 Utilization Management.

Benchmarking - How efficient is this City division given typical industry benchmarks for Fleet services in both the public and private sectors? How do repair costs and rates compare to what is available in the private sector in Grants Pass? How are hourly charges applied to repair orders and are the hourly charges reasonable in their amounts? (Category 14)

Government fleet operations are unique in that mechanics learn how to maintain various makes, models, and sizes of vehicles and equipment. There is not a private sector firm capable of being a one-stop repair shop like Fleet.

Public and private sector fleets are included in our industry best practice test scores. Grants Pass scored 123 points which is above average. Fifty percent of FCS clients score under 114 points, which is the first test score average. Complete results are contained in our Detailed Findings and Recommendations.

FCS contacted 6 similar government agencies to compare fleet size, labor rates, staff size and other items. We found 235 the average fleet size, average population 28,598 which equates to 121 vehicles per 1,000 population, and Grants Pass ratio is 176 vehicles per 1,000 population.

Complete statistics for government agency and vendor labor rates is found under Benchmarking in Category 14.

Technology and Equipment - Is the Fleet division using the proper and/or adequate equipment and software for tracing repair orders, vehicle maintenance history, and performing maintenance on vehicles? (Category 3 and 4)

Collective Fleet is a basic fleet management system. The system is adequate, however, it does not allow for tracking mechanic's indirect time which is when the mechanic is at work, but not repairing vehicles. All fleet software programs require users to have adequate report writing

skills to query and report data. FCS recommends the administrative support specialist and the department support technician receive adequate report writing training.

FCS will attempt to contact Dossier which is the other system Fleet evaluated, for a comparison to Collective Fleet. Our recommendation will be in our final report.

Our review of the shop equipment was good. The shop could use a wireless network and ruggedized laptops for each mechanic. The diagnostic scanner should receive software updates. The shop should assign lifecycles to their shop equipment. Prior to submitting a budget the shop should submit a list of shop equipment that needs to be replaced, due to age and condition. Detail results are in Category 4 Shop Equipment.

Overhead Charges - Are the administrative or overhead charges to and from the Fleet Division appropriate? Is the assignment of clerical, management, and administrative costs to this division appropriate? (Category 14)

FCS has outlined a detailed approach for billing customers and accounting for 2 divisions overhead in category 14. Overhead for clerical, management, and administrative costs are calculated into the labor rate charged on work orders. There are 4 cost centers in fleet which are the shop (labor rate), parts (parts markup), fuel (fuel markup) and motor pool (motor pool markup). If 2 full time mechanic's billed 3,300 hours on work orders, the recommended labor rate for Fleet would be \$111 per hour. The parts markup should be 20% and the fuel markup should be \$0.10 per gallon.

Staffing and Equipment - Is the Fleet division adequately staffed and managed for both present and future needs? Is the equipment appropriate for present and future needs? Is staff properly trained and properly certified for the job duties? A private interview with all Staff that works either part-time or full-time with Fleet services is expected. (Category 5 and 6)

Two full time mechanics billed 1,335 hours in the previous fiscal year. If fully productive, they could have billed 3,300 hours. They currently have 1,965 hours of unproductive time. They need to be accountable to someone that understands how a service agency works. Tasks can be streamlined by using Collective Fleet efficiently, and duties performed by the department support technician should be reviewed and modified to be more of a support person to the mechanics.

The hours documented in Collective Fleet is the only way to determine what is really happening. In Category 6 we describe how to document indirect hours such as meetings, etc., to account for mechanic's time using Collective Fleet. If a privatization firm saw the lack of documented time, they would want to bid their services to take over the Fleet operation. Fleet must think and act like a private business. Both in having excellent customer service skills and being cost efficient making quality repairs.

Currently 2 full time mechanic's are enough to support the fleet in the existing building. Once the fleet is right sized, and the real asset needs for the City are defined, actual staffing can be determined. FCS can provide additional information after completing our study of the previous fiscal years work orders.

Survey of Internal Customers - A customer satisfaction survey is expected to be performed for all major internal users of Fleet services.

FCS interviewed all fleet customers and we found they are happy with Fleet and the repairs that are performed. Their main concern is getting additional information regarding repair progress. FCS recommends creating and providing customers a daily status report on their vehicles. More detail can be found in Category 15.

Supply and Vehicle Purchasing - Document and analyze the Fleet division and the Equipment Replacement program's policies and procedures on purchasing supplies or vehicles. (Category 16 and 18)

Parts are purchased weekly and are under \$5,000. There are not any agreements in place for special pricing. FCS would like to see Fleet look at 12-24 month purchase agreements to secure better pricing and reduce or eliminate the need for securing weekly verbal quotes. FCS is not recommending a purchasing department, but rather using purchasing or procurement policy to City's advantage.

The City uses the State Cooperative bid process, National IPA, or creates specifications for vehicles and equipment. The Management Entity does not require the departments to complete a needs assessment for each piece of equipment they request. The Procurement for fleet replacements and additions should always start with a needs assessment. Create a form that will ask pertinent questions regarding the vehicle or equipment so Fleet can ascertain if the customer is requesting the correct vehicle for the job function. Fleet should link replacement requests and fleet additions to a utilization policy. Detail results are in Category 18 Vehicle Procurement.

II. Fleet Performance Audit - Service Delivery Options

Maintenance and Support Facility - Should the City build a new shop and are there any other major strategic changes being considered for Fleet operations? Should a larger repair facility be built or utilized to accommodate the City's largest vehicles? (Category 2)

FCS recommends building a new fleet maintenance facility near the existing site. The shop should have bays that allow the City's largest vehicles access for repair. There will always be repairs that will be sublet, however, the mechanics will always provide preventive maintenance and minor repairs to the advantage of the customer. Having certain repairs performed in a city garage reduces downtime and costs not needed by transporting the truck to a private sector garage. See Category 2 for a complete explanation.

Pool Cars - Should the City continue to maintain a small fleet of pool cars for employee business use? Would a contract with a rental car agency be more cost effective in the future or is there a more optimal mix between maintaining cars and renting vehicles as needed? (Category 13)

FCS recommends that Fleet have 2 motor pools. One located at city hall and one at Fleet's garage. The pool at the garage will start by having certain underutilized vehicles and equipment required by customers. A contract with a rental car agency can be more effective for out of town travel.

Fleet Services Delivery - Should services continue to be provided in house versus contracting with vehicle maintenance facilities in the private sector or contracting with Josephine County's fleet maintenance division? What is the financial feasibility of contracting with the private sector for the City's wide range of both specialized and routine vehicle maintenance needs? Are private contractors available in Grants Pass that are qualified to work on

specialized equipment such as Fire and Police division vehicles? The deliverable is a report of pros and cons and basic financial analysis of contracting out service delivery. (Category 7)

Fleet should continue to perform cost competitive studies on equipment repairs to determine if the repairs should be performed in house or outsourced. Fleet should continue to repair the jobs they can do better and cheaper than the private sector. This also pertains to placing in service. Preventive Maintenance (PM) should never be outsourced. The predictive maintenance program needs to be more robust. Fleets' customers gave them a very good rating. All of their customers agreed Fleet did the work better than the private sector. Detail results are in Category 7 Contract Work.

Current Capacity and Expansion of Fleet Services - Is there an opportunity to use/maximize present or future fleet facilities to offer repair services to customers outside of City departments? (Category 2)

Typically, government can only work on government vehicles and equipment. FCS would recommend that the City not take on additional work unless it is financially advantageous to do so and will not interfere with keeping the City's vehicles repaired. The City's legal department should provide guidance in this area.

III. Fleet Performance Audit - Equipment Replacement Fund Review

Size of Depreciation Reserve For the Equipment Replacement Fund - Should the City continue to collect and hold in reserve up to 100% of the vehicle's purchase price over the estimated life of each vehicle? Funds are collected through the annual budget of each department so that approximately 100% of the purchase price of the vehicle has been paid for (or fully depreciated) by the estimated time the vehicle needs to be replaced. (Category 13)

FCS recommends the City of Grants Pass continue to collect and hold in reserve up to 100% of the vehicle's purchase price over the estimated life of each vehicle. We also recommend that formal policies and procedures be created and put into place so ensure customers understand the process.

Vehicle Balance Tracking For the Equipment Replacement Fund - Review the accounting, record retention process, and information reporting process for tracking depreciation reserves by vehicle. (Category 13)

Fund balances for vehicles and equipment contain depreciation and interest making it difficult to audit amounts. However, most balances where depreciation collection has stopped are very close to the original purchase price of the asset. FCS found \$246,509.20 on hold for departments' vehicle purchases. We recommend creating formal policies and procedures to address all processes regarding the fund.

IV. Fleet Performance Audit - Other Optional Services

Other Standard Fleet Audit Items

Employee Goals, Mission Statement and Business Plan (Category 1)

Fleet employees have 2 mission statements, one for each division, however, employees do not know them both. They also do not understand how to relate their mission statements to cost savings. One example would be to evaluate the quality of parts used to see if a better quality part

would last longer before needing replacement. Savings in this instance would be longer vehicle uptime for the department.

Documenting findings in writing and publishing the results is part of good customer communication and budget input to show what Fleet is doing. Documenting time spent on these activities in Collective Fleet is a must. As model years change and vendors change how they manufacture parts, this will be an on-going process. FCS realizes the work and time it takes to manage the fleet and save money. Items to consider putting in customer agreements are:

- Fleet will continue to strive for cost savings,
- Document our findings, and
- Share our findings on an annual basis with our customers.

Policies and Procedures (Category 8)

Fleet does not have enough policies and procedures to manage the fleet. Their customers want the direction the policies and procedures give them. Fleet should perform an annual equipment audit to ascertain where all of the vehicles and equipment reside. Detail results are in Category 8 Policies and Procedures.

Work Flow and Communication (Category 11)

Fleet needs improvement on their communication skills. Fleet should create a standard of communication with customers regarding vehicle repair, preventive maintenance scheduling, and new equipment. This standard should be in writing and agreed upon by both parties in a contract agreement. This written contract will help preserve the good relationships they currently have and give everyone involved an understanding of their expectations. Customers should receive a daily report of the repair status of their vehicles and equipment. Detail results from Fleet customers are in Category 11 Work Flow And Communication.

Customer Service, Downtime and Performance Contracts (Category 15)

FCS surveyed Fleet's customers regarding scheduling repairs, staffing, facilities, vehicle repair, and other items. Customers are happy with their fleet repair experience; scheduling repairs are not a problem, technician knowledge is good. All customers feel that better communication regarding downtime and vehicle status is needed.

Fleet does not have written contractual agreements with its customers. Fleet should create written contractual customer agreements, operating policies and procedures, and have more communication with customers regarding service and fleet policy. Detail results are in Category 15 Customer Service, Downtime, and Performance Contract.

Emergency Management and Disaster Preparedness (Category 19)

The City does not have a formal emergency management and disaster preparedness plan that pertains to fleet repair and fuel. The City should create a formal emergency management and disaster preparedness plan that is designed specifically for Fleet. The City should consider an offsite repair facility for vehicle and equipment repair if Fleet's facilities are rendered unusable. Fleet should establish an emergency fuel contract with Josephine County to provide fuel during a catastrophic event if the private sector fuel sites are disabled. The County should be able to supply fuel for at least 30 days. The City should establish a purchase order with a local

equipment company to furnish equipment, if needed, during a catastrophic event. Detail results are in Category 19 Emergency Management and Disaster Preparedness.

Safety and Environmental Policy (Category 20)

Fleet has a safety program in place. Fleet utilizes a safety person to report any perceived safety infractions. This person also attends Citywide safety meetings and reports back to the shop personnel any changes to City safety policies and procedures. Fleet should create a safety policy that outlines what should be completed in each shop. The shop should have a checklist of items to inspect on a monthly basis for compliance to internal safety policies. The shop should create and follow a shop equipment replacement program. Detail results are in Category 20 Safety and Environmental Policy.

Detailed Findings and Recommendations

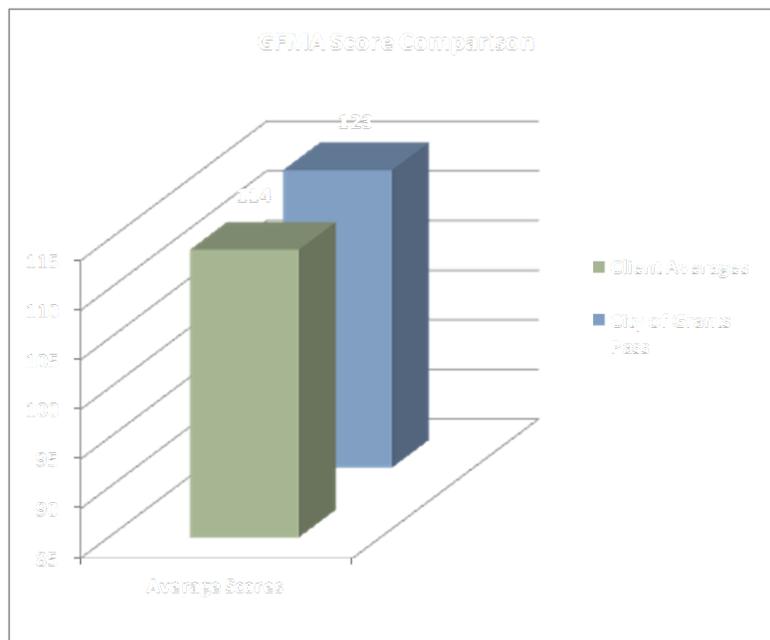
Industry Best Practices Certification Testing Results

The main purpose of our project is to provide an overview of fleet best practices at the City of Grants Pass. Government Fleet Management Alliance (GFMA) is fleet certification software from Bobit Business Media that gives fleet organizations the ability to compare their overall fleet operation against industry best practices. Bobit publishes Government Fleet, Automotive Fleet, Business Fleet, Green Fleet, and other fleet magazines. This software is provided to the City of Grants Pass as part of the project at no charge. At the end of 12 months, an annual software fee of \$375 is required to continue using the software and to have telephone access to FCS consultants regarding the 20 categories of best practices.

Although GFMA provides written implementation plans for each category, most clients find that verbal discussion about implementing new policies or workflows is beneficial.

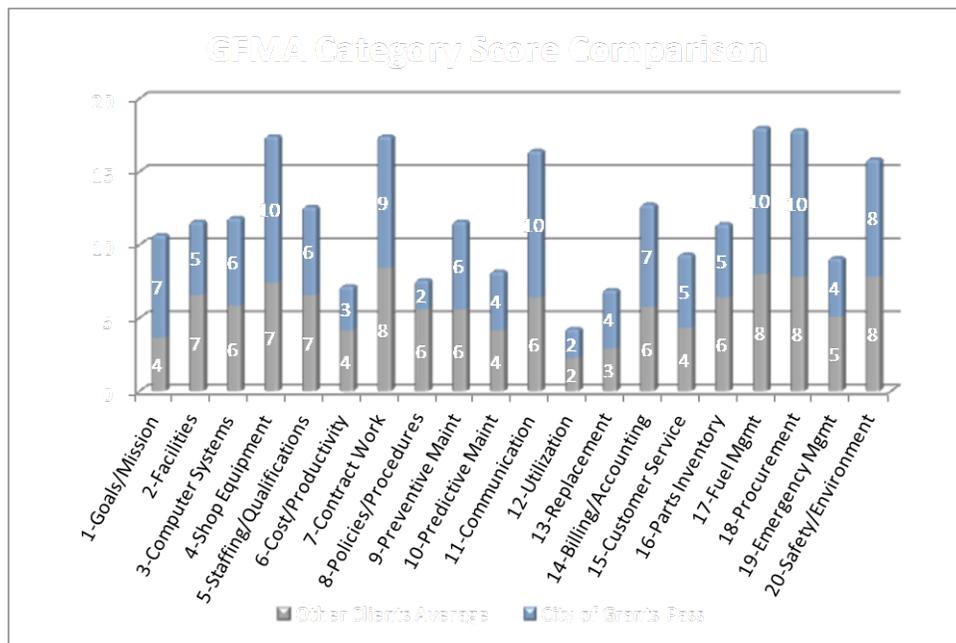
To become certified, a fleet organization must achieve at least 153 points and pass eight foundation categories. Foundation categories cover basic fleet management principles that are necessary to run an effective fleet operation. GFMA is the only fleet certification software offered worldwide and is a web-based product.

Grants Pass Fleet Department scored 123 points taking the test the first time. Fifty percent of FCS clients score under 114 points, which is the first test score average. The GFMA Score Comparison chart below depicts score comparison.



The GFMA Category Score Comparison chart below lists each best practice category, our clients' average score, and Grants Pass score for comparison. Grants Pass scored the same or higher than average in the following categories:

- Category 1-Goals and Mission Statements
- Category 3-Computer Systems
- Category 4-Shop Equipment
- Category 7-Contract Work
- Category 9-Preventive Maintenance
- Category 10-Predictive Maintenance
- Category 11-Communication
- Category 12-Utilization
- Category 13-Replacement Program
- Category 14-Billing and Accounting
- Category 15-Customer Service
- Category 17-Fuel Management and Alternative Fuel
- Category 18-Procurement
- Category 20-Safety and Environmental Policy



Our report contains findings and recommendations for each best practice category to assist the Fleet Department with improving their current fleet practices and becoming industry certified. The next table, GFMA Competitive Analysis, is from GFMA and shows Fleet's score and required score to pass each category.

GFMA Competitive Analysis

Measurements and Standards Categories	Standard	Your Score	Result
1. EMPLOYEE GOALS, MISSION STATEMENT, AND BUSINESS PLAN (Foundation Category)	8	7	Not Pass
2. FACILITIES	7	5	Not Pass
3. COMPUTER SYSTEMS	7	6	Not Pass
4. SHOP EQUIPMENT	7	10	Pass
5. STAFFING AND QUALIFICATIONS (Foundation Category)	8	6	Not Pass
6. ACTIVITY BASED COSTING AND PRODUCTIVITY ANALYSIS	8	3	Not Pass
7. CONTRACT WORK	6	9	Pass
8. POLICIES AND PROCEDURES (Foundation Category)	8	2	Not Pass
9. PM PROGRAM (Foundation Category)	8	6	Not Pass
10. PREDICTIVE MAINTENANCE	8	4	Not Pass
11. WORK FLOW AND COMMUNICATION	6	10	Pass
12. UTILIZATION MANAGEMENT (Foundation Category)	8	2	Not Pass
13. REPLACEMENT PROGRAM (Foundation Category)	8	4	Not Pass
14. ACCOUNTING AND BILLING	7	7	Pass
15. CUSTOMER SERVICE, DOWNTIME AND PERFORMANCE CONTRACT (Foundation Category)	8	5	Not Pass
16. PARTS INVENTORY (Foundation Category)	8	5	Not Pass
17. FUEL MANAGEMENT AND ALTERNATIVE FUEL	8	10	Pass
18. VEHICLE PROCUREMENT	8	10	Pass
19. EMERGENCY MANAGEMENT AND DISASTER PREPAREDNESS	7	4	Not Pass
20. SAFETY AND ENVIRONMENTAL POLICY	9	8	Not Pass
PERFORMANCE SCORE	153 = 76%	123 = 62%	Not Pass

The categories with a gray background are the 8 foundation categories. To become certified, all foundation categories must have passing scores. Notice on the GFMA Category Score Comparison chart that the average scores show that most clients did not pass these categories when taking the test. There are approximately 250 clients working on certification and to date, only 15 are certified. When the City of Grants Pass becomes certified, they will join an elite group of fleets.

Category 1 - Employee Goals, Mission Statement, and Business Plan

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Do employees have goals that directly relate to the fleet's mission statement?	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
2. All employees have an opportunity to assist with developing the fleet's mission statement.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
3. The entire fleet staff knows the mission statement without looking.	1	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
4. The fleet's mission statement directly supports the agency-wide mission statement.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
5. The mission statement is posted on walls in all work areas.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
6. The fleet's mission statement is directly related to the budget process.	2	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
TOTAL POINTS	10	Not Pass	7

Findings

All fleet employees do not know the mission statements for Vehicle Maintenance and Equipment Replacement. They also do not relate their mission statements to the budget process or understand what that means in terms of savings.

Recommendations

Respectively Vehicle Maintenance and Equipment Replacement's mission statements are as follows:

Provide safe, efficient, reliable equipment at the lowest possible cost.

To collect and account for depreciation funds; stabilize yearly departments cost and replace vehicles and equipment as they wear out.

To relate these statements to budget, Fleet should look at different repairs to determine what if anything can be done to reduce costs. Take parts costs as an example. There are different brands and qualities of parts. Perhaps a higher quality part at a higher cost is better because it lasts longer before replacement is needed. This will not be the case in every situation, but it does call for research and possible testing on several vehicles to prove the theory. In this scenario, the savings is less downtime because the repair frequency is reduced.

We recommend looking at repair types (brakes, air conditioning, heating, etc.) in descending order by cost. The answer to cost savings can be different depending of the equipment type. Additional training, purchasing a different tool, or even sending the unit to a vendor could lead to additional cost savings. Savings are always available when old units are replaced by new units, therefore this process never ends.

Life to date costs should be evaluated for improvement in the next specification process. Perhaps the vehicle weight needs to be changed, engine size, or other factors that could result in a cost savings. Bottom line this effects budget. All projects to reduce costs should be documented and results shared with upper management and customers.

Category 2 - Facilities
A Score of 7 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. This facility meets local fire standards and electrical requirements.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
2. This facility is less than 25 years old or has been modernized to meet the current workload.	2	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
3. Support activities such as parts room are located in the center of the building.	1	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
4. There are at least 2 bays per light duty technician and 1.2 bays per heavy-duty technician.	2	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
5. Shop tools are close to the technician work areas and theft is not an issue.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
6. There is currently an active safety committee with annual inspection by independent agencies (Ex: annual fire department inspections).	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
TOTAL POINTS	10	Not Pass	5

Findings

FCS evaluated four options to address the existing facility inadequacies. They are as follows:

1. Build a new facility.
2. Enter into an agreement with Josephine County to provide all maintenance needs, which eliminates the need for a new facility.
3. Short/long term rental or lease of a facility that will meet the City’s needs.
4. Purchase an existing facility.

The City of Grants Pass needs to replace the current 5,700 S.F. facility, which is 59 years old, with a new more modern and safe facility.

The design of the facility impedes work productivity. As noted in the Shop Bay #1 picture below, there are three work bays designed primarily for light duty vehicles. One bay has a floor mounted overhead hoist for lifting light duty vehicles. Due to the ceiling height only sedans can be elevated.

Shop Bay #1



Parts Storage



The parts room shown above is very small and overflowing. Some parts inventory is in office and work bay areas. This is not proper inventory management nor is it an industry best practice.

The work bay shown in the Shop Bay #2 picture below has limitations caused by size. Also note the storage of items in the work area. The parts being stored in the work bay need to be secured in the parts room. Securing the parts room is the only deterrent to theft.

Shop Bay #2



The size and height limitations of the facility are not conducive to heavy equipment or truck repair. These class codes of equipment must be repaired and serviced outside year around or sent to a commercial vendor. The Aerial Platform Truck picture below depicts the City's newest piece of firefighting apparatus, which cannot be serviced inside due to facility size limitations. Note the size and height requirement for the aerial platform truck, as it would need to be positioned during a repair.

Aerial Platform Truck



The aerial truck above, equipment number 11T2-1, is the largest and most expensive piece of equipment the City owns. This unit cost the City \$986,641. This unit is designed to be serviced and maintained inside. There are critical components that are very sensitive to the elements. Contamination could cause premature component failure. The last thing the City would want is to have this apparatus fail at a working fire.

Sterling H-Vac LT9500



Shown above is one of many trucks that will not fit into the existing facility for repair or service. It is estimated 40% of the maintenance and service is performed outside.

Option One – Construct a New Facility

The current facility is approximately 2,400 S.F. in size. It is comprised of three work bays with a possible fourth bay if shop equipment is removed. According to the GFMA shop size calculator a new facility should be approximately 13,446 S.F. The calculations used to project shop size look at the number and average age of the units in each fleet class code. The calculator includes square footage for parts storage, office space, lunchroom, and other areas. The calculator does not consider the following:

1. 36% of the fleet or 47 units are underutilized
2. City growth over the next 10 to 15 years

When considering these 2 items, the calculated shop size should be 8,000 S.F. making the cost of a new facility approximately \$1,400,000 plus shop equipment and utilities. FCS feels this would be more than adequate for future fleet needs.

We estimate the life of the facility to be thirty to forty years for a steel building and up to 70 years for a precast facility. After that period, the facility would require remodeling or replacement to address a larger population and technology updates. This is based on a two percent annual growth rate for the City of Grants Pass.

FCS would recommend using part of the vehicle and equipment replacement fund reserve to fund the construction. If this method is used, the funds would be a loan with directions on how the funds would be repaid. The impact of facility depreciation charged back to the fleet annual operational expenses would be considerable.

Facility Size Requirements

Facility Size Requirements	
Vehicle count	194
Total work bay equivalent	9.9
Overhead SF requirements	2,051.1
Square foot size estimate	11,394.88
Build cost per-squarefoot	\$175.00
Total SF + Overhead	13,445.96 SF
Estimated build cost	\$2,353,042.64

Option Two - Josephine County Fleet Operations

As an option to building a new facility on City property, FCS interviewed and inspected the fleet operation at Josephine County. Their facility is older, however it has been updated. It is large enough to accommodate the City's fleet including the large fire apparatus and maintenance trucks. They have a well-managed operation including a formal parts management program, a computerized fleet system and good support for their customers. They also have experience working with the technical components of police sedans. Their shop size is approximately 11,300 S.F., (FCS estimate 13.4 thousand S.F. just for the City), for a fleet size of 373 units. The fuel system is automated and they charge a fuel mark-up of 10% for overhead costs. Their labor

rate is \$63.00 per hour and parts mark-up is 10% for overhead costs. They have a current staffing level of 10 FTE's.

The county's alternative fuel program consists of B-10, which is diesel fuel with a 10% non-fossil fuel agent. They have a large storage and dispensing facility on-site.

The picture below shows the county parts room. The parts inventory program is well managed, computerized, and is fully auditable.

Josephine County Parts Room



Please note the height of the ceiling shown in the next picture. Large truck's, particularly the City's aerial platform truck could be maintained inside in the facility.

County Repair Facility



County Repair Facility Entrance



The facility was designed with a drive through option for all bays as seen in the above picture. Also note the steel railroad rails in the shop floor that allow for tracked equipment to be moved in the shop without harming the concrete floor.

Overall, FCS was impressed with their fleet operation but the facility is not large enough to provide service to both fleets.

Option Three and Four– Short / Long Term Rental or Purchase of Facility

FCS spent a short amount of time on this option. However, we located a facility that we believe could be altered to meet the needs of the City now and for some time to come. The facility shown in the picture below is located on the Redwood Hwy.

River Town Auto and Tire Facility



This facility was leased by River Town Auto and Tire, and is approximately 1.5 miles from the Fleet facility. According to the realtor the owner wishes to sell the property, however they would be open to a lease purchase agreement. Please see Appendix A for more pictures and site drawings.

The details of the site are:

1. Masonry construction
2. Shop size 4,120 sq. ft. (Smaller than the existing Fleet facility)
3. Covered area in rear of shop is 6,828 sq. ft.
4. Property size is 2.20 acres
5. Asking price \$2,200,000.
6. Ceiling height is suspect until measurements are secured

Another consideration is a facility located next to the existing facility site. FCS did observe the facility up close and found it to be a very large storage facility. The exterior of the building is plywood and showing age and weather conditions. That location is not recommended. FCS did not actively seek any other options.

Recommendations

Entering into a contract with the County seems like a good option, however, FCS is concerned about doing business with the County long term. We also have a concern regarding priority service levels that may not be in the City's best interest and the facility handling the additional vehicles and equipment.

The option to lease or acquire the Redwood facility is very attractive. However, there is an issue with ceiling height. The other strong points are that it can be made functional in a short period of time, the existing office area would easily accommodate the parts and office requirements. The lot size would be very useful now and for future city wide storage needs.

FCS recommends Grants Pass remain in control of their service levels by developing a facility improvement plan. Base the plan on a long-term solution for a facility constructed at their current location. While two options are available, the City should look ahead in increments of five, ten, and twenty years.

Use a phased approach to the facility issue. Phase I, is to develop a facility plan. Phase II, depending on the time line, could be to relocate the fleet operation to another site until a new facility can be constructed.

Aerial truck 11T2-1, has the following height requirements inside a repair facility:

- With the ladder at 12 degrees it is 21 ft. to the top of the bucket leaving 10 inches of clearance over the cab.
- With the ladder at 15 degrees it is 23 ft. to the top of the bucket leaving approximately 2 ft. of clearance above the cab.
- With the bucket moved to the side it is 17 ft. to the top of the cab.

Category 3 - Computer Systems

A Score of 7 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Your agency is using bar code labor and parts entry technology.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
2. Your fleet management system provides excellent and highly useable reports.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
3. Support provided from your fleet management software supplier is good and you have no concerns.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
4. Your department's web site provides your customers with usable reports, vehicle repair status, and PM scheduling information.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
5. All employees have access to the Internet.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
6. The shop floor is online with the fleet management system and shop technicians use it.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
TOTAL POINTS	10	Not Pass	6

Findings

Fleet has a new system called Collective Fleet from Collective Data. The system contains repair history beginning January 1, 2010.

The system is a good basic fleet management package, which offers flexibility on the various ways it can be used depending on how Fleet wants to track history. Some screens can be expanded by adding predefined fields for storing additional items, such as common part numbers used on equipment. Employees are using the software based on training and with minimal input required in order to complete data entry tasks quickly.

As Fleet employees are not knowledgeable and experienced fleet managers, decisions on how to use the system were made without regard to how the system handles data for future fleet management reporting.

Mechanic productivity is the backbone to billing for services. In a dealership, this information is entered immediately in order to bill the customer. Supervisors monitor labor to ensure productivity of every employee to reduce overhead. The information reported to FCS by a Fleet employee was that Collective Data stated the Shop Module needed to be purchased for labor reporting. FCS contacted Collective Data and was told that labor reports and reports that were not standard to their software require report training.

Recommendations

Collective Fleet is a satisfactory software package to track fleet assets and repairs. Additional report training is needed to allow Fleet staff to generate queries and reports needed to assist with daily responsibilities and exception reporting. Extensive report training should be offered to the administrative support specialist and the department support technician. Training is also needed on how to use the import feature to do mass updates such as the parts markup to reduce data entry time. Re-training on how to use the software may be needed to ensure fleet staff is using the fleet system to their advantage.

It is worthwhile to re-visit Dossier Fleet Software before making a final decision. FCS will endeavor to do this and share our findings in our final report.

Phase I Report Recommendations

The following reports are suggested for phase I implementation. All reports serve to assist Fleet and their customers in managing their fleet and costs. We recommend implementation in 2 phases so that changes are not made all at once.

Recommended Daily Reports

- Daily Repair Status – An Excel spreadsheet that lists the date and time the unit went down for repair, unit number, department, drivers reason(s) for repair (PM, front end noise, flat tire, etc.), estimated completion date, repair status, and the actual completion date and time. The list should be updated on a daily basis. This perpetual list can be emailed to the Management Entity and customers, or be posted on a fleet website for review by anyone at anytime. This provides customers and the Management Entity a daily status of vehicles and equipment down for repair.
- Daily Labor Report - A list by mechanic and date, the work order number, vehicle ID, repair task, and hours for each repair. This report is needed to review the previous days labor to ensure repairs are billed to customers and that each mechanic is productive.

Recommended Weekly Reports

- Preventive Maintenance – Review the PM report for units soon due, due, and overdue for preventive and predictive maintenance for the month. Watch the due and overdue units to ensure service is complete prior to the end of the month, and send reminders to customers as needed. Fleet has a weekly PM report.

Recommended Monthly Reports

- Utilization – List low usage equipment by department and class code for the prior month and distribute to customers.
- Labor Productivity - Labor hour totals by repair type by employee for the previous month.

Recommended Quarterly Reports

- Quarterly Utilization Report – List low usage equipment by department, class code, and low usage period for the previous quarter.

Recommended Annual Reports

- Annual Utilization Report – List the previous 12 months by department, class code, equipment, month, and usage for each low usage unit. Determine disposition of underutilized equipment.
- Maintenance Cost by Class Code and Repair Group – List by class code in descending cost order each repair group for the previous 12 months. Review costs for savings starting with highest costs. Compare to previous year's totals for improvement.

As Needed

- Update preventive and predictive maintenance checklists by class code.
- Add, delete, or modify reports.

- Vehicles and Equipment Due for Replacement by Class Code – Forecast by class code, department and unit those assets projected to be due for replacement by age, mileage, or LTD maintenance costs. List units within the class code in descending order by mileage.

Phase II Report Recommendations

Recommended Daily Reports

- Service Call, Breakdown, and Towing Log – List the date and time the unit went down, unit number, department, operator and reason. This log is used to review items for predictive maintenance. Update the log with actual repair information as needed.
- Meter Errors –List work orders and fuel transactions where the meter is xxx miles lower or higher than the last meter. Verify the correct meter and update the fleet system. Accurate meters are required for preventive maintenance, warranty, utilization, replacement, measuring minor and major component replacement, determining miles per gallon, and cost per mile.

Recommended Monthly Reports

- Maintenance Cost by Class Code and Repair Group – List by class code in descending cost order each repair group for the previous month. Review costs for savings in descending order. Compare to previous month's totals for improvement.
- Accident, Damage in Operation, Vandalism, Abuse report – Review for action to produce a cost savings. Compare costs annually to track increases and decreases in repair cost.
 - Accidents – Damage caused from a collision with another vehicle or object. Track incidents by driver, weather, time of day, location of damage, etc.
 - Damage in Operation – An example is a belt breaks while driving a vehicle. Is the repair and extended damage due to the driver not performing inspections or perhaps deterioration that should have been seen and corrected during the last preventive and predictive maintenance?
 - Vandalism – Destructive asset damage by the public. Does this occur in a certain area? Can a practice be changed to reduce instances?
 - Abuse – Component failure due to suspected driver's action or non-action.
- Fuel MPG Detail – List each fuel transaction for the prior month and mpg by class code and equipment number. A variance in MPG can indicate a fuel theft problem or that drivers are letting other operators use their card to fuel a City vehicle.
- Maintenance detail billing for the prior month for customer distribution.
- Fuel transaction billing for the prior month for customer distribution.
- Motor pool transaction billing for the prior month for customer distribution.
- Depreciation billing for the prior month for customer distribution.

Recommended Quarterly Reports

- Quarterly Fuel Budget Report – List fuel budgets by department, percentage, and amount expensed year-to-date compared to budgeted amount.

- Quarterly Maintenance Budget Report – List by department their maintenance budget and percentage and amount expensed year to date compared to percentage and amount remaining for the year.

Recommended Annual Reports

- Annual Fuel Budget Report – List by departments their fuel budget, percentage, and amount expensed year to date compared to percentage and amount remaining.
- Annual Maintenance Budget Report – List by departments their maintenance budget, percentage, and amount expensed year to date compared to percentage and amount remaining.

As Needed

- Current Year-to-Date, Life-to-Date Vehicle and Equipment Costs – List by department, class code and unit, year to date and life to date usage, fuel gallons, fuel cost, repair costs, and cost per mile.
- Maintenance Cost by Class Code and Repair Task Detail – Parameter to list one or more class codes, the total cost for each task within one or more repair groups. Useful to determine which part of a repair group is causing the high maintenance cost(s).
- Maintenance Cost Work Order Detail – Work order detail for class code and repair task evaluation. List license number, work order number, mileage, mechanic comments, parts, labor, outside contractual cost, and total. Comments help to determine if component replacement is due to normal wear, abuse, warranty, manufacturer defect, or some other reason.

Specialized Reports

When customers realize that Fleet can produce various reports customers will want more information. Therefore, it is imperative that customer reports be defined by committee and kept to a minimum. Display access to work order data in Collective Fleet may be enough to satisfy most customers. Information may be requested in Excel to allow customers to compare vehicle costs from month to month.

There will be occasional requests from upper management for special reports. To respond in a timely manner, it is essential the Management Entity and staff have access to build these reports or have a person familiar with the database that can prepare queries or reports on demand.

To aid the City of Grants Pass with reporting, FCS suggests looking at Microsoft Access at a later date. Access is a database manager and report query and writer. It will allow Fleet to prepare professional reports of any kind and may be easier to use than the internal report writer that is provided by fleet software companies.

Maintenance Class Codes

Fleet is using a descriptive phrase such as Light Duty Pickup Trucks, which is called a type and sub-type in Collective Fleet. Class codes define a group of similar vehicles and equipment that have similar maintenance and preventive maintenance needs. NAFA Fleet Management Association (NAFA) has a good class code system which can be engineered for growth to include optional equipment and accessories on vehicles and equipment.

FCS recommends that Fleet consider using class codes so when networking with other fleets, Grants Pass will be using similar terms when discussing vehicles and maintenance costs. The NAFA system allows a class code to be extended by 2 characters to further describe it as follows:

Example NAFA Class Code 1321 < 8500 GVW Automobile Compact Sedan

Class Code 1321-01 < 8500 GVW Automobile Compact Sedan

Class Code 1321-02 < 8500 GVW Automobile Compact Sedan Hybrid

Using the example above, the original class code 1321 is now 1321-0, which assumes an unleaded compact sedan. Class code 1321-02 is a hybrid compact sedan. They both use unleaded fuel, however, the maintenance and preventive maintenance will be slightly different due to the batteries in the hybrid. Keeping these units separated also explains the difference in the MPG.

Collective Fleet uses 2 fields to describe a class code called a type and sub-type which essentially do the same thing as NAFA class codes. If Fleet continues using their current type and sub-type, FCS recommends analyzing their work for further breakdown closer to what NAFA recommends. NAFA breaks down their codes by the weight of the vehicle (GVW) because maintenance costs will differ for the same vehicle type in different weight categories.

To provide additional examples of how NAFA breaks down class codes for repairs and preventive maintenance, please see NAFA Class Codes for Trucks With 26,001 - 33,000 GVW on the next page. Note that class code numbering is not sequential to allow adding a class code for a type of truck not listed.

FCS was informed by Collective Data that their software has the capability of displaying or printing preventive maintenance inspection tasks with the work order eliminating the need for manually preparing and updating tasks on a form. Using this software feature allows tasks to be specific for one vehicle or you can create categories where one PM program will work for groups of vehicles that are similar in their job function and/or GVW.

Vehicle Maintenance Repair Standard (VMRS) Repair Codes

VMRS repair codes describe the system (013) Brakes and the component (001) Front Brakes & Drums that are repaired. Collective Fleet did not come with VMRS codes, so the shop is using a variation of this system.

Using appropriate coding for parts, labor and sublet repairs allows fleet to monitor costs for different components in the various systems. FCS recommends monitoring costs annually by reviewing costs by class code and then by the VMRS code in cost descending order. Evaluate labor times, tooling, training, parts quality, sublet vendors, and manufacturer defects, anything that may reduce costs and downtime for the customer. Keep record of the changes made to provide a cost savings report to customers and upper management.

Existing VMRS coding should be reviewed and additional component levels added to ensure common components are separated.

Transparency

Customers should know their costs and how to manage them. Display access in Collective Fleet should be given to all customers in order to display work orders and other pertinent information regarding their fleet assets.

Develop a monthly billing that details repairs and fuel transactions for distribution to customers. Distribution should be electronically to customers so they can print reports at their discretion. Fleet should meet with customers as needed to discuss methods of cost savings based on actual repairs billed. Savings seen now will be reflected in next year's billing.

NAFA Class Codes for Trucks With 26,001 - 33,000 GWW

Class Code	Class Description
7700	26,001- 33,000 GWW Straight Trucks
7710	26,001- 33,000 GWW Straight Trucks General Purpose
7711	26,001- 33,000 GWW Straight Trucks General Purpose Flat Bed
7712	26,001- 33,000 GWW Straight Trucks General Purpose Dump Bed
7713	26,001- 33,000 GWW Straight Trucks General Purpose Utility Bed
7714	26,001- 33,000 GWW Straight Trucks General Purpose Van Body
7715	26,001- 33,000 GWW Straight Trucks General Purpose Beverage Body
7716	26,001- 33,000 GWW Straight Trucks General Purpose Refrigerator Body
7717	26,001- 33,000 GWW Straight Trucks General Purpose Tanker
7718	26,001- 33,000 GWW Straight Trucks General Purpose Fifth Wheel
7720	26,001- 33,000 GWW Straight Trucks Emergency Services
7721	26,001- 33,000 GWW Straight Trucks Emergency Services Support
7722	26,001- 33,000 GWW Straight Trucks Emergency Services Tactical Vehicles
7723	26,001- 33,000 GWW Straight Trucks Emergency Services Armored Vehicle
7724	26,001- 33,000 GWW Straight Trucks Emergency Services Truck Ambulance
7730	26,001- 33,000 GWW Straight Trucks Service
7731	26,001- 33,000 GWW Straight Trucks Service Tow Recovery
7732	26,001- 33,000 GWW Straight Trucks Service Tilt Bed
7733	26,001- 33,000 GWW Straight Trucks Service Fuel & Lube
7734	26,001- 33,000 GWW Straight Trucks Service Tire
7735	26,001- 33,000 GWW Straight Trucks Service Mechanics
7740	26,001- 33,000 GWW Straight Trucks Public Utility
7741	26,001- 33,000 GWW Straight Trucks Public Utility Crane
7742	26,001- 33,000 GWW Straight Trucks Public Utility Non-Insulated Aerial
7743	26,001- 33,000 GWW Straight Trucks Public Utility Insulated Aerial
7744	26,001- 33,000 GWW Straight Trucks Public Utility Platform Aerial
7745	26,001- 33,000 GWW Straight Trucks Public Utility Auger
7746	26,001- 33,000 GWW Straight Trucks Public Utility Cable Handler
7750	26,001- 33,000 GWW Straight Trucks Fire Apparatus
7751	26,001- 33,000 GWW Straight Trucks Fire Apparatus Rescue Vehicles
7752	26,001- 33,000 GWW Straight Trucks Fire Apparatus Hazmat Response
7753	26,001- 33,000 GWW Straight Trucks Fire Apparatus Pumper
7754	26,001- 33,000 GWW Straight Trucks Fire Apparatus Multi-Purpose
7755	26,001- 33,000 GWW Straight Trucks Fire Apparatus Multi-Purpose Pumper
7756	26,001- 33,000 GWW Straight Trucks Fire Apparatus Water/Foam Tanker
7757	26,001- 33,000 GWW Straight Trucks Fire Apparatus Ladder Truck
7758	26,001- 33,000 GWW Straight Trucks Fire Apparatus Aerial Ladder Truck
7759	26,001- 33,000 GWW Straight Trucks Fire Apparatus Aerial Platform Truck
7760	26,001- 33,000 GWW Straight Trucks Sanitation
7761	26,001- 33,000 GWW Straight Trucks Sanitation Rear Loaders
7762	26,001- 33,000 GWW Straight Trucks Sanitation Sideloaders
7763	26,001- 33,000 GWW Straight Trucks Sanitation Front Loaders
7764	26,001- 33,000 GWW Straight Trucks Sanitation Automated Loaders
7765	26,001- 33,000 GWW Straight Trucks Sanitation Bin Mover
7766	26,001- 33,000 GWW Straight Trucks Sanitation Recycle Body
7767	26,001- 33,000 GWW Straight Trucks Sanitation Roll Off
7770	26,001- 33,000 GWW Straight Trucks Public Works
7771	26,001- 33,000 GWW Straight Trucks Public Works Mechanical Street Sweeper
7772	26,001- 33,000 GWW Straight Trucks Public Works Air Street Sweeper
7773	26,001- 33,000 GWW Straight Trucks Public Works Vacuum Loader
7774	26,001- 33,000 GWW Straight Trucks Public Works Street Flusher
7775	26,001- 33,000 GWW Straight Trucks Public Works Sewer Cleaner
7776	26,001- 33,000 GWW Straight Trucks Public Works Sewer Rodder
7777	26,001- 33,000 GWW Straight Trucks Public Works Pot Hole Patcher
7778	26,001- 33,000 GWW Straight Trucks Public Works Asphalt Distributor

Category 4 - Shop Equipment

A Score of 7 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Are most (60%) shop technical manuals automated?	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
2. There are PCs on the shop floor for technicians to use and all technicians have been trained.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
3. The auto and diesel emissions testing equipment is up to date.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
4. Shop technicians and supervisors have access to Internet for technical use.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
5. All shop diagnostic equipment is up to date.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
6. There is a formal replacement program for shop tools and equipment.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
TOTAL POINTS	10	Pass	10

Findings

FCS visited the maintenance garage and found the shop to be properly equipped. The shop was neat and orderly. The mechanics have the proper tooling to provide quality service to all vehicle class codes. They did not have ruggedized laptop computers that were connected to a wireless network but they did have access to the Internet via two hard-wired computers.

FCS visited the parts storage room. It was not adequately sized to support the fleet. The Diagnostic scanners need to be updated. It is important to keep all diagnostic tools up to date with the latest software as equipment and vehicles change from model year to model year.

Recommendations

FCS recommends the shop develop a list of shop equipment needs each year prior to completing their budget. At the top of the list should be ruggedized laptop computers for each mechanic. When each mechanic has a laptop, it eliminates waiting to use the computers and increases productivity. It also makes the computer readily available to enter data so no data is lost. There is a discrepancy in the amount of billable time recorded by the mechanics. The time recorded does not equal the direct time of what one mechanic should bill.

All mechanics should have full access on their laptop to repair history without leaving their assigned bays. The shop space should be wireless for easy internet access. The shop utilizes AllData for repair estimates and technical support. This makes searching quicker and easier for the mechanics, which allows them to be more productive. It also reduces vehicle and equipment downtime. All shop equipment should be assigned a life cycle and be considered for replacement and upgrades as the life cycle dictates.

Category 5 - Staffing and Qualifications

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

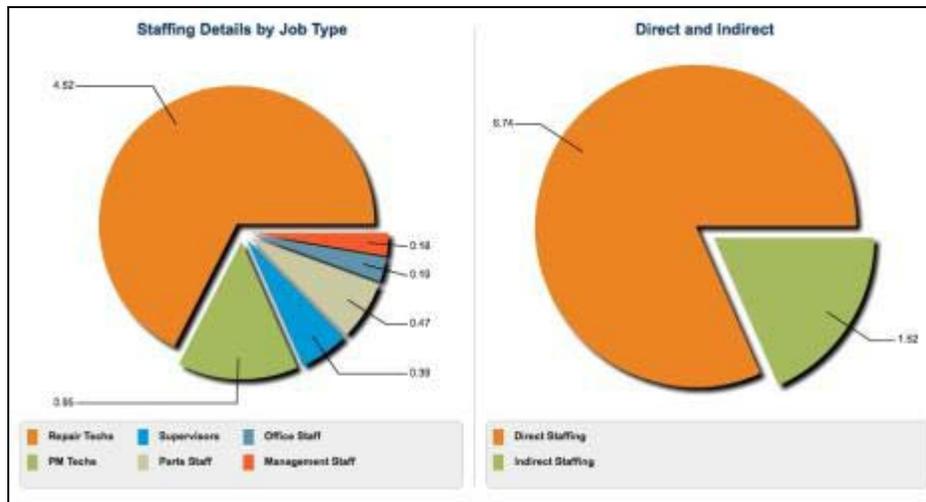
PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. The ratio of overhead employees to shop technicians is 40% or less (by head count).	3	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	3
2. Overall, direct labor charges to work orders account for 65% of the fleet's gross available labor.	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
3. Our agency has developed and implemented a training program for administrative and office staff.	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
4. Your fleet has a mandatory ASE or equivalent certification program in place, and all staff meets annual goals.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
5. Job descriptions are up to date for all positions in your fleet.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
6. Technician training takes place without causing a workflow problem or additional vehicle downtime.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
TOTAL POINTS	10	Not Pass	6

Staff Level Findings

The current staffing level is 2.1 direct and .9 indirect for a total of 3.0 staff on site at the Fleet facility. There is another full time office position located at City administrative campus that devotes 60% of her tasks to fleet. This brings the total staff count to 3.6. According to our staff calculator the staffing level should be 6.7 direct and 1.5 indirect or overhead staff, (see staffing chart below). The reason for the large discrepancy is fleet utilization. The fleet has 36% low use vehicles. Low use vehicles and equipment simply do not require the level of repair and maintenance that a fleet does when operated at optimum usage levels.

This is further evident by the level of service being provided by the shop staff to the customer departments. Each of the departments interviewed rate them high to very high and the customers had some concerns regarding the amount of shop staff and the facility size.

Staffing Chart



Staffing Detail

Total Staffing Requirements (Click here)						
Staffing requirements by job type						
Vehicle Count	Repair Techs	PM Techs	Supervisors	Parts Staff	Office Staff	Management Staff
194	4.52	0.95	0.39	0.47	0.19	0.18
Time off coverage						
Time off %	Repair Techs	PM Techs	Supervisors	Parts Staff	Office Staff	Management Staff
18.79%	0.85	0.18	0.07	0.09	0.04	0.03
Direct and Indirect Staffing Requirements						
Total Direct Staffing			Total Indirect Staffing			
5.5			1.46			
Total Staffing Requirements						
7.96						
Staffing requirements by class code (Click here)						

Staffing Recommendations

Typically FCS would recommend adding one full time equivalent (FTE) position to the table of organization. This FTE would be a mechanic position but given the low usage vehicles and equipment in the fleet FCS recommends right sizing the fleet prior to adding any positions. Fleet employees work 4 ten-hour shifts a week. One mechanic is off on Monday and the other is off on Friday. FCS has concerns about the number of employees in the shop on Monday and Friday as well as when one of the employees is on paid leave.

- 1) The current level of shop staff does not allow for paid leave to occur without an interruption in level of service.
- 2) When one of the shop staff is absent the other shop staff member must work alone. This is a safety issue due to the type of work they perform. There should be two people in the shop while a mechanic is working on equipment. This doesn't mean two mechanics. It could be an operator, a light duty person, or a support technician. Another alternative to minimizing a catastrophic injury is to limit the type of repairs performed when there is only one mechanic on duty. Injuries can occur at anytime.

FCS is also recommends the department support technician be made responsible for the parts inventory once an adequate facility is available. This will necessitate the parts room to accommodate an office environment for the position. According to our calculator there is need for .47 of a parts person. Again, because of the low usage, this position will not need the full .47 of a position to adequately perform this function. The position would still follow direction from the lead mechanic and established parts policy and procedures.

FCS is also recommends the management structure be changed. We recommend the fleet operations be placed under the control of the Department of Finance. FCS recommends this for the following reasons:

- The fleet operation is an internal service fund with many accounting requirements. The lack of a professional fleet manager requires the Finance Department to maintain the equipment replacement fund.
- There is not enough repair and maintenance work to require a fleet management position. FCS recommends generating monthly reports for the finance manager that demonstrate performance measures are being met at Fleet. Periodic, (quarterly), meetings with

customer departments would ensure levels of service are acceptable. These meetings could be reduced to annual meetings if the performance measure targets are consistently being achieved.

Employee Survey Findings

FCS interviewed Fleet mechanics for their input regarding training, staffing levels, communication, tools, and other areas. Employees were asked to answer an eleven-question survey to determine their professional perception of the above topics. The survey summary below shows the number of employees interviewed and their responses. See attached survey results in Appendix B.

Fleet Mechanic Survey Summary

Fifty percent of the mechanics felt they have the appropriate tools and diagnostic equipment to evaluate and repair vehicles and equipment in your shop. The other mechanic would like a new diagnostic scanner with current software.

Fifty percent of the mechanics felt they have the appropriate training for the type of maintenance they are performing.

All of the mechanics agree professional certifications like Automotive Service Excellence and Emergency Vehicle Technician certifications benefit their job function.

All of the mechanics agree there are enough mechanics to maintain the fleet at a professional level.

All of the mechanics agree the vehicle and equipment specifications produce the correct vehicle for the customer to accomplish their job.

All of the mechanics agree standardized vehicles would help them perform better maintenance.

All of the mechanics feel they have a safe work environment.

All of the mechanics feel they can communicate problem, ideas, and suggestions and they are heard.

All of the mechanics feel the majority of the parts stocked are adequate for the maintenance performed.

All of the mechanics feel they have good communications with their internal customers.

All of the mechanics feel the current computer system provides the information they need to perform their job function.

All of the mechanics use the computer system to review repair history and preventive maintenance records.

The additional comments that surfaced *are* both mechanics would like a new shop to work on large equipment so they *do not* have to work outside 35 - 40% of the time. One mechanic would like updated shop equipment. This comment was referring to scanner software updates.

Employee Survey Recommendations

FCS recommends updating the scanner software; formalize a training schedule for OEM training. Including training when purchasing new equipment. Add training for support staff in parts and clerical areas. Encourage employees to add to their professional certifications.

Administrative/Clerical Staff Findings

FCS interviewed the administrative support specialist and the department support technician.

The department support technician prepares the weekly PM report and contacts customers to come in for service, prepares sublet work orders for tire, windshield, and body repairs, enters city hall motor pool as an expense in Collective Fleet, and imports and corrects meter readings for fuel transactions every 10 days. She has had training on how to create reports in Collective Fleet and has started a policy and procedure manual for fleet.

The administrative support specialist is responsible for Fleet's budget, customer billing for maintenance and fuel, sets up projects in HTE for depreciation and notes changes, initiates asset sale proceeds back into replacement, meets with customers regarding vehicle and equipment specifications, prepares and presents resolutions to council regarding vehicle and equipment purchases and disposal, and other numerous duties.

FCS found the department support technician and the administrative support specialist to be knowledgeable, detailed and organized. They both know and understand their job functions and we feel both are capable of more complex duties and responsibilities.

Administrative/Clerical Staff Recommendations

As stated earlier in this section, FCS would like the department support technician to become more involved with shop operations to include inventory. The lead mechanic and the mechanic need to concentrate on repairing vehicles and making appropriate comments on work orders to support parts and labor charges.

When thinking of a dealership scenario, the department support technician would be the first person the customer would contact, describe symptoms and problems to, and pick up the repaired vehicle from. In addition, she would open all work orders, charge parts, order parts, learn to close work orders and assist where ever is needed. Streamlining current operations will allow this position to handle these duties. Many fleets use one person to assist with these duties, with the exception of parts, that have hundreds more vehicles. Additional query and report writer training is needed on the fleet management system including the import feature.

FCS would like to see the administrative support specialist gain additional fleet knowledge by attending some NAFA seminars or class codes regarding fleet replacement, fleet lifecycle analysis, vehicle acquisition and selection, and other class codes that pertain to the fleet duties of this position. The knowledge will form an understanding of how to use the data in Collective Fleet to better acquire vehicles and equipment for the customer. Council presentations would be better suited for the person selected to manage Fleet. Query and report writer training is needed on the fleet management system including the import feature.

Category 6 - Activity Based Costing

A Score of 8 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. The current amount of labor resources for preventive and predictive maintenance is 25% of all available labor fleet wide.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
2. The total amount of overhead labor does not exceed 38% of all available labor fleet wide.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
3. The total cost of parts inventory labor and support cost does not exceed a 20% mark up for total cost recovery.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
4. The total cost for fuel management activities does not exceed 12% for the entire fleet agency (Note: some remote sites may exceed 12%).	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
5. The results of our activity based costing are published annually in our fleet annual report to our customer base.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
6. Our budget process specifically addresses the activity based costing method and the expected results.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
TOTAL POINTS	10	Not Pass	3

The GFMA activity based costing survey is a tool to show annual productivity for the entire fleet organization. The survey lists job functions that are common to most fleets. The direct portion pertains only to mechanic's time spent repairing vehicles and equipment. The indirect portion reflects time such as paperwork, meetings, and training for all fleet employees. Paid leave is considered indirect as employees are absent from the workplace using vacation, sick, or other paid leave. Management, administrative, and parts room staff enter their time under indirect and paid leave. Mechanics enter their time under direct, indirect and paid leave. To calculate paid leave, the actual previous 12 months time from payroll records are used.

The GFMA software calculator shows individual employee survey results as well as grand totals. The results show the percentage of direct and indirect hours, which indicate the organization's productivity, and areas that need improvement.

Findings

To determine direct hours, we used data for the previous 12 months from Collective Fleet for 2 full time mechanics. GFMA will calculate the number of staff required to service the fleet based on the average age of each class code of vehicles and equipment, therefore a temporary employee that works less than several hundred hours annually is not required for input. Stuart has worked less than 12 months and we increased his hours proportionately to equal 2080.

Indirect hours are parts, fuel, management, other staff positions, and indirect time for the mechanics. Mechanic's indirect time is when they are at work but not making fleet repairs. Examples are internal training or attending a meeting.

Paid leave hours are vacation, sick, holidays, and other paid time off. When evaluating an operation, paid leave is considered indirect time because employees not working. Paid leave cannot be controlled because it is an employee benefit. Excessive sick and injury time can be controlled or reduced by setting policy and correcting unsafe conditions.

The chart on the next page called Fleet Activity Based Costing Totals shows the breakout and totals for direct, indirect, and paid leave line items for Grants Pass 4 employees.

Fleet Activity Based Costing

Employee Count	4			
Hours	7,154			
Salary	\$172,971			
Benefits	\$108,789			
Salary & Benefits	\$281,760			
Direct	1. Performing preventive maintenance.	4.81%	344	\$12,628
Direct	2. Vehicle repair.	13.85%	991	\$38,063
Direct	3. Component rebuilds.	0.00%	0	\$0
Direct	4. Welding and fabrication.	0.00%	0	\$0
Direct	5. Road calls for vehicle repair.	0.00%	0	\$0
Indirect	6. Performing fueling activities.	2.64%	189	\$6,871
Indirect	7. Time spent shuttling vehicles.	1.01%	72	\$2,920
Indirect	8. Time spent picking up and delivering parts.	3.17%	227	\$8,444
Indirect	9. Attending meetings.	2.92%	209	\$8,290
Indirect	10. Managing the department or division.	7.07%	506	\$20,206
Indirect	11. Supervisory and lead person activities.	1.76%	126	\$6,065
Indirect	12. Work order processing including opening, closing, posting, editing, and filing.	6.46%	462	\$17,184
Indirect	13. Assigning and scheduling work with technicians.	0.88%	63	\$3,032
Indirect	14. Computer work such as generating reports, running back-ups, maintaining the system, and answering questions.	7.16%	512	\$19,266
Indirect	15. Paper work, including time sheets, parts requisitions, purchase orders and all other paper work not related to work orders.	7.94%	568	\$24,558
Indirect	16. Parts inventory activities including ordering, purchasing, stocking, and dispensing of parts.	1.94%	139	\$5,924
Indirect	17. Vehicle and equipment disposal (sale) duties including preparation and delivery.	1.03%	74	\$3,006
Indirect	18. Developing specifications for vehicles, equipment, and purchasing duties.	1.17%	84	\$3,379
Indirect	19. Time spent performing other indirect activities.	1.33%	95	\$4,549
Indirect	20. Attending training classes.	2.83%	202	\$8,463
Indirect	21. Time spent conducting facility maintenance.	0.62%	44	\$1,890
Indirect	22. Time spent conducting other fleet related work.	8.18%	585	\$21,440
Indirect	23. Ancillary services (services over and above basic maintenance).	0.43%	31	\$1,126
Paid Time Off	24. Annual Vacation (The average full time employee gets 5.77=120 hours annually).	4.35%	311	\$12,163
Paid Time Off	25. Sick Leave (The average full time employee gets .77=16 hours annually)	1.57%	112	\$4,581
Paid Time Off	26. Holidays (The average full time employee gets 3.85=80 hours annually)	4.01%	287	\$11,355
Paid Time Off	27. Shift Start (The average full time employee gets 3.14=65 hours annually)	3.13%	224	\$8,827
Paid Time Off	28. Shift End (The average full time employee gets 3.14=65 hours annually)	3.13%	224	\$8,827
Paid Time Off	29. Coffee Break (The average full time employee gets 6.25=130 hours annually)	6.21%	444	\$17,491
Paid Time Off	30. Birthday	0.00%	0	\$0
Paid Time Off	31. Workman's Comp	0.00%	0	\$0
Paid Time Off	32. Jury Duty	0.00%	0	\$0
Paid Time Off	33. Other	0.41%	29	\$1,214
Direct	Total Direct Labor	18.66%	1,335	\$50,691
Indirect	Total Indirect Labor	58.54%	4,188	\$166,613
Paid Time Off	Total Paid Time Off	22.80%	1,631	\$64,458
	Total	100.00%	7,154	\$281,762

Total direct labor hours show 2 mechanics spent 1,335 hours or 18.66% of their time making fleet repairs. The more hours billed reduces overhead and the service rate. Approximately, 77% or 1,604 hours per mechanic should be used as a default for billable fleet repairs. By examining indirect time and improving productivity, Fleet can become very efficient and competitive with outside vendors. Both mechanics are writing their direct time on paper and entering time in Collective Fleet when they remember. The software has a function where the mechanic can log onto a repair task for a work order and track the actual time it takes to make the repair.

Recommendations

FCS recommends that Fleet review their operation for efficiencies and bill back as many services as possible to the departments. Mechanics capture more of their direct time when they record it into the fleet management program as soon as the task is completed. FCS recommends that mechanics start logging actual repair time and indirect time in Collective Fleet. Fleet is a service entity that pays salaries; repairs to the facility, outside vendors, and other expenses just like a private company.

Productivity

Charging customers for repairs is how Fleet reimburses itself to pay for expenses. The mechanic's hours are as follows:

2 mechanics x 2080 hours	4160 available work hours
Deduct paid leave	- 860 paid leave actually taken
Balance of time available for repairs	3300 hours

Two mechanics have 3,300 hours available for customer repairs. As mentioned above, 1,335 hours were billed for customer repairs. This leaves 1,965 hours of indirect time of which the mechanics estimated how their time was spent using the categories numbered 6 through 23 on the previous chart because they have not been tracking this time.

Indirect Time

Indirect time describes what mechanics are doing when not working on vehicles. All fleet organizations are required to track mechanic's time to measure their productivity. Both mechanics should be required to account for every 6 minutes of their entire work day in Collective Fleet.

Collective Fleet does not have a time tracking mechanism for indirect time. Therefore, repair codes would need to be established for indirect tasks and charged to a work order using the employee ID as a vehicle number.

Establish a monthly work order for each mechanic to post indirect tasks. Each mechanic's time should be reviewed daily for the previous day to ensure all direct and indirect hours are accounted for. Establish a daily labor report with the help of Collective Data for a report that can be run by a specific date or date range with the following information:

Employee ID (in ascending order), Date (in ascending order), work order number, vehicle no, repair task, hours. Have the report total the hours by date.

Category 7 - Contract Work
A Score of 6 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our agency contracts out little or no PM work.	3	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	3
2. Our agency contracts out most tire repair work.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
3. Our agency contracts some or all fueling activities.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
4. Our agency contracts out most major drive train rebuilding and body and paintwork.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
5. Our agency has performed cost analysis to justify contract versus in-house work.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
6. Our agency performs warranty work for at least one major vehicle or equipment class and can bill work to factory or dealer.	1	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
TOTAL POINTS	10	Pass	9

Findings

Fleet currently contracts out all of their towing needs and tire repair. They provide minor roadside assistance for their customers. Les Schwab Tire repairs small automotive tires under contract. This also helps when vehicles are on out of town travel since Les Schwab has tire stores in most of the western states. All major drive train, collision, and paint repairs are contracted out to private sector vendors.

FCS reviewed the placing in service process used by the City of Grants Pass. Fleet performs the majority of the placing in service in house. This includes the installation of a light bar; push bumpers, prisoner separators, sirens, and other items on police vehicles. Fleet is rethinking their placing in service process and is migrating to a turnkey process for the police vehicles to free up the shop and reduce the time it takes to place a police vehicle in service.

Recommendations

FCS recommends Fleet continue to contract out their wrecker service needs. When shop mechanic's availability or competitive cost is an issue it is prudent to compare the pros and cons of a turnkey placing in service program. FCS recommends Fleet continue perform a comparative study to ascertain the benefits of an in house or outsourced placing in service program. Fleet should consider the quality of work provided by the private sector when evaluating the placing in service process. Timeliness is also extremely important. If the work takes longer than expected the placing in service date should be adjusted so the manufacturer's warranty begins on the same day the vehicle is placed in service.

Another option is using a hybrid program where the vehicle is purchased prewired with a portion of the equipment already installed by the Original Equipment Manufacturers (OEM). This will eliminate shop time while providing vehicles that are equipped identically.

Fleet should continue to outsource all collision repairs and vehicle painting. This segment is extremely competitive. The environmental issues associated with collision and paintwork is extremely costly. Fleet does not process enough collision and paintwork for it to be cost effective. **NOTE: Fleet should never contract out preventive maintenance work.** Preventive maintenance work should always be kept in house to ensure equipment and vehicles are properly

inspected. Fleet is more familiar with their work function and a closer inspection will reduce repairs between preventive maintenance cycles. It will also help Fleet establish a more robust predictive maintenance program. Fleet's internal customers rated them 8.6 out of a possible 10 for overall repair experience compared to outside vendors. This is a very good rating by internal customers. This exceeds the industry best practice. Remember they are the end users of the equipment.

Fleet should research the possibility of becoming a warranty station for all of the major original equipment manufacturers represented in their fleet. Becoming a warranty station does not produce enough money for it to be considered a cost effective revenue stream but the real value is in reduced downtime, and vehicle transport, while recovering the cost of the repair. The warranty repairs should only be small repairs. The local dealer should perform all large drive train, difficult to diagnose, and headache type repairs.

Category 8 - Policies and Procedures

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our agency has a vehicle and equipment replacement policy.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
2. Our agency has a preventive maintenance policy.	3	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
3. Our agency has a vehicle and equipment damage and accident policy.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
4. Our agency has a utilization management policy, and it is communicated to internal customers.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
5. All policies are reviewed annually for needed changes.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
6. Our customers can provide input for fleet related policy making.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
TOTAL POINTS	10	Not Pass	2

Policies and Procedures define daily and periodic job functions enabling an organization to efficiently accomplish their mission.

Findings

FCS reviewed all of the Grants Pass fleet policies and procedures. Fleet does not have adequate policies and procedures to effectively manage a fleet their size. GFMA certification recognizes policies that are signature approved by the City Manager or Mayor. FCS recognizes Fleet is in the process of creating a policy and procedure manual.

Recommendations

Creating a policies and procedures manual provides administrative guidance to customers on how fleet operates. When the manual is created it is important that it be adopted and approved by the City Manager or Mayor's office. The Management Entity needs to know that fleet decisions will be supported when following the manual.

Fleet started creating an operating policies and procedures manual. FCS recommends that this encompass all fleet activities. FCS has a draft manual included in Category 8's implementation plan in the GFMA. We have edited the manual and included Grants Pass current policies and procedures. The entire manual is editable and can be revised as often as necessary. Due to the size of this manual it is impossible to include it in this report. It will be forwarded with the final report. It is important to use language that promotes administrative guidance and not a dictatorship.

The manual has two sections. The first section defines administrative policies and procedures that can be shared with Fleet and their customers. The second section describes daily procedures on how the mechanics use the fleet computer system. This section can be segregated for Fleet use only as it is detailed. We recommend that Fleet review the manual and develop a plan to draft and finalize each section. Summarize certain sections that apply to Grants Pass internal fleet customers to be distributed for their information.

Vehicle and Equipment Accountability

FCS recommends that the Fleet Department be responsible for all vehicles and equipment meeting the following criteria:

1. The unit has a unique ID in the fleet management system in order to manage the life cycle and maintenance costs regardless of whether or not the unit has a meter.
2. Fleet mechanics repair the unit.

Vehicles and equipment listed in the system should have an assigned status to indicate whether it is in service or not in service. Each change in status should also have an effective date. Examples are:

- Active – the unit is active
- Sold – the unit is sold
- Stolen – the unit is reported stolen
- Lost – the unit is reported lost
- Out of Service – the unit is at Fleet waiting disposition
- Placing in Service – the unit is delivered and is being prepared for service
- On Order – the unit is on order with the vendor

When vehicles or equipment are transferred from Fleet to a department or a department returns it to Fleet, a formal document must be signed and dated to indicate who physically has the unit. This information is entered into the fleet system so all vehicles and equipment are always current.

Fleet should annually reconcile active, out of service, and placing in service units listed in the fleet management software with the departments that are assigned the units. This is accomplished by sending an itemized list to the responsible departments, requiring the departments to perform a physical inventory. All lost or stolen small equipment units must be reported to the police department by the department to whom they are assigned. When Fleet is forwarded a copy of the Police report, the unit status is changed in the fleet management system.

This process does not change any previous City policies; it merely forces Fleet to have accurate records. Fleets with thousands of vehicles and equipment perform annual inventories. We recommend the same practice for the City of Grants Pass. This practice should be entered into Fleet's Policies and Procedures manual having the same start and ending dates. An example would be all departments have their lists from Fleet by April 1 and the inventory be returned to Fleet by May 1.

Category 9 - PM Program

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Last month's PM schedule is up to date (95% of PM inspections that are due have been completed and the other 5% are accounted for).	3	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	3
2. Breakdowns are monitored and our PM checklists are effective and updated to minimize downtime.	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
3. Our PM Scheduling process is proactive. We do not rely on dash stickers.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
4. Our customers adhere to the agency PM policy.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
5. There are options to review repair work order history before performing PM.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
6. Our agency has a strong PM policy that has been authorized by the highest level of management in our agency.	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
TOTAL POINTS	10	Not Pass	6

Fleet did not pass this category. Preventive Maintenance (PM) is a scheduled maintenance that follows the service intervals recommended by the Original Equipment Manufacturer (OEM). Since there is a standard checklist the PM service is a great candidate for a timed exercise. Preventive maintenance is the most important function a fleet service provider can offer their customers. This function should never be outsourced. It is the foundation of all good service programs. Quality PM programs reduce vehicle downtime and maintenance costs, while improving employee productivity. Quality PM programs lengthen vehicle lifecycles, and improve residual values. It is important to follow manufacturers recommended intervals and check lists. Another requirement of an excellent PM program is the timely execution of the PM service. One of the toughest industry best practices for a fleet to meet is to complete 95% of the PM's at their designed intervals. It is very important this standard is met.

Findings

Fleet's preventive maintenance program is type and sub type (class code) specific. The program provides that each vehicle class code receives a PM service at a designated interval depending on the class code and usage. The preventive maintenance program was created in house and took into consideration the OEM's recommendations. The same check list is used for all vehicle class code but the service intervals differ between class codes. After performing a work order audit it is apparent Fleet accomplished their PM goal of eliminating vehicle breakdowns between PMs. However it is very hard to track the information needed to strengthen their predictive maintenance program. In order to accomplish this task every comment field would have to be read. The PM service intervals are too frequent. It is difficult to assign an estimated time to perform the PM service with the current PM structure. Since there is not a specified checklist assigned to each class code, fleet cannot store the items that were inspected during the PM in their computer software. However, their computer software does have this capability.

Fleet does not rely solely on dash/window stickers to notify the end user. Fleet contacts the customer to schedule their vehicles and equipment for preventive maintenance. An appointment is created and the unit reports for their service. Fleet is very responsive to customer's needs when scheduling the PM. Service is conducted timely and Fleet was given a high success rate for timely completed PM's by their customers. Customers gave Fleet a score of 8.75 out of 10 points.

FCS will provide additional information regarding work order repairs in our final report that affect predictive maintenance in the preventive maintenance program.

Recommendations

Fleet should fine-tune their PM program by redesigning their program around each class code of vehicle and equipment. The PM program should mirror or exceed the OEM's minimum maintenance requirements using multilevel PM Inspections. Fleet currently uses a severe duty application for all of the vehicles that require additional maintenance and shorter service intervals. It is important for a shop to note all of the repair instances between PM service intervals and consider them as candidates for additions to the PM inspection for that class code.

When working properly, PM programs expose repairs that need to be fixed and that need to be added to fleet management software predictive maintenance program. This further reduces downtime and maintenance costs.

PM repair orders should list all of the items that require checking and serve as a hard copy record. Each class code of vehicle should list items pertinent to the class code in addition to items that are common to all vehicles. Collective Fleet has this capability, however, Fleet is not using it.

FCS recommends Fleet create a fleet policy that explains how they interact with customers regarding preventive maintenance so all customers are treated the same and are notified regarding their service. Newer fleet software programs can list vehicles due for PM for any timeframe. They can forecast vehicles and equipment due by meter, date, and gallons of fuel. Meter usage should be the primary scheduling tool.

To summarize, FCS recommends:

- Alleviate the one-size fits all approach to the PM inspection list. Fleet should create specific PM inspections for each class code of equipment in Collective Fleet. These inspections should meet or exceed the OEM's PM requirements. The PM intervals should also mirror or exceed the OEM's intervals. The intervals should take into consideration mileage, hours of use, and elapsed time since the previous PM.
- The end users should receive a PM report that depicts all equipment that is soon due, due, and overdue for a PM service. It should be the end user's responsibility to schedule the PM service.
- Vehicles that continue to retain an overdue status should have their fuel privileges revoked.
- Fleet should strive to maintain a 95% completion of the PM service in the same month they are due.
- Create an internal policy that describes the preventive maintenance program and the detail of how it works.

Category 10 - Predictive Maintenance

A Score of 8 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our PM program includes a minimum of 3 predictive maintenance tasks, per class, that are updated annually by our PM committee.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
2. Our predictive maintenance program is monitored by a supervisor and/or data analyst to ensure a high level of cost effectiveness.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
3. The parts management operations are an integral part of our predictive maintenance program.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
4. We have fully trained our shop technicians as to the importance of our predictive maintenance program.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
5. We can produce detailed documentation clearly showing the cost savings associated with predictive maintenance.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
6. We have met with our customer departments and presented our predictive maintenance program. Our customers have expressed support for our program.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
TOTAL POINTS	10	Not Pass	4

Predictive maintenance is scheduling preventive maintenance inspection and component repair or replacement prior to failure.

Findings

Fleet does not have a formal predictive maintenance program that meets all of the criteria in the GFMA certification test. Fleet does perform some predictive maintenance but the program needs to be more robust.

Fleet gave the example of replacing a water pump whenever they replace the serpentine belt on a police beat car. FCS does not agree with this practice. We think this is too extreme. Predictive maintenance should happen in certain mileage or hour meter increments. In other words when a specific class code of vehicles experiences mechanical failure at a certain mileage or hour meter reading, fleet should alter the PM schedule to accommodate replacing the part prior to the failure. When you use this methodology you will reduce downtime and costs.

Recommendations

FCS recommends Fleet improve their predictive maintenance program to align with the GFMA certification category 10. Predictive maintenance items should be selected from repairs that occurred to a specific model or year of a vehicle. These repairs are usually due to a part failure that occurs at a certain odometer or hour meter reading. Other candidates for this program can be due to vehicle design flaws. Component maintenance that occurs between PM intervals should be reviewed and added to the PM task list if it is consistently happening to a particular class code of vehicles or equipment. Component replacement is less costly than unscheduled repairs and roadside assistance. This is accomplished by performing a thorough review of maintenance costs by equipment class code and component group. Review service calls, breakdowns, and towing expenses for possible predictive maintenance items, by unit, and cause by month. Investigate suspicious repairs in detail before adding them to the program. Look for similarities on specific components that may indicate design flaws or the need for additional mechanic training. Frequent breakdowns on specific units can indicate abuse or poor operator practices. Look for opportunities to lower maintenance costs and at the same time improve repair practices and operator care. After instituting changes, track repairs to validate results and document the cost

savings. Most importantly, communicate the cost savings with upper management, customers, and at budget time.

Having mechanic comments on work orders is invaluable when doing this process. The predictive maintenance program should be reviewed annually.

Category 11 - Workflow and Communication

A Score of 6 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. It takes less than three pieces of paper to complete a work order transaction from start to finish, including parts ordering.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
2. We meet with all of our fleet customers at least once a year to openly discuss issues and concerns and to develop a more professional business relationship.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
3. All work order activity is completely automated.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
4. There is a fuel interface with accurate meters for data checking work orders.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
5. There is a daily vehicle status report sent to the customer departments in a timely manner.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
6. Repair and PM history are reviewed electronically prior to issuing a repair order.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
TOTAL POINTS	10	Pass	10

Findings

Most internal customers are not aware of their vehicles and equipment repair status. This was brought forth in their survey responses. Fleet does not conduct annual meetings with all their customers to map out vehicle needs and other critical information. Providing a method of communication to customers allows them to schedule equipment and saves them from having to contact fleet for vehicle information.

Most communication is by phone and e-mail contact. The fleet computer system can perform some of these communications tasks such as emailing customers. Some customers must call the shop to determine if a vehicle is ready for use. Current workflow is slow as modern technology is not in place.

The lead mechanic and mechanic open their own work orders, charge their own parts, enter their own labor, sublet repairs, review and close their work orders. The lead mechanic spot checks the mechanics work orders for accuracy.

The department supply technician processes work orders for sublet body shop, tires, and window repair.

Recommendations

Create a standard of communication with customers regarding vehicle repair, preventive maintenance scheduling, and new equipment. This standard should be in writing and agreed upon by both parties. Communicate this standard to all Fleet employees. This communication standard should include a daily vehicle status report. This is a valuable tool for the Management Entity or lead mechanic to determine how long units are out of service. The Management Entity or lead mechanic should prepare a daily report of vehicle and equipment repair status that can be communicated to other staff and customers electronically. This can be a report that is updated daily on Fleet's website, or by sending emails to specific department fleet liaisons who can forward the information to appropriate personnel. Customers should be updated when repairs exceed original time frames to include explanations and a new work finished date.

In general, the Management Entity should be accessible by visiting the repair shop on a regular basis, and talking to mechanics, department support technician, and customers. Talking to customers and shop personnel shows concern and interest in what is happening in the shop. It will improve the outcome.

At a minimum the Management Entity should meet with all customers annually. This can be when new vehicle and equipment requirements are evaluated which is an opportunity to review new or modified policy or other items the customer would like to discuss.

The work order process should be completely automated, from the shop floor to payroll reporting. The same is true with vehicle repair status reporting.

FCS recommends the following repair workflow for the shop floor. The lead mechanic and mechanic's priority should be repairing vehicles. The department support technician should be the main contact for customer's questions, dropping off/picking up vehicles, posting charges to work orders, etc. After interfacing with the lead mechanic on workflow, the department supply technician can be trained to review and close most work orders. There are many fleets that use a technical person for these duties rather than a service advisor.

Vehicle Work Order Flow

When a vehicle reports to Fleet for repair, the department support technician should open a work order and listen to and capture the driver's concerns on the work order. A visual inspection of the vehicle should be conducted for obvious damage, other problems, accurate equipment number and the correct odometer/hour meter readings. The system should be checked for overdue PM's, warranty information, and vehicle repair history to minimize reoccurring repairs. Check the original equipment manufacturers' website for any recalls. All repair tasks should receive a time estimate. This notifies the mechanics what the normal repair time is for that task.

When scheduling repairs to the mechanics, take into consideration the mechanic's knowledge, skills, and abilities as outlined by the lead mechanic. Predetermined contractual priorities should be followed as agreed upon. Seasonal and other priorities should also be taken into consideration prior to the assignment of the repair mechanic.

Repair of the Vehicle

The lead mechanic or mechanic troubleshoots the vehicle to ascertain all needed repairs. If parts are needed the mechanic should request the parts from the department support technician. The lead mechanic shall review the requisition and all needed parts for accuracy. Note the required repairs do not exceed the vehicle's repair threshold limits. All known repair parts should be ordered prior to beginning the repair. To minimize downtime, the mechanics should have as much lead-time as possible.

The vehicle should be repaired adhering to industry best practices and estimated time frames. Each repair task should be recorded accurately and in a timely manner (as soon as the repair task is completed) to capture the actual repair time. If the mechanic experiences problems during the repair the mechanic should notify the lead mechanic for guidance. Upon completion of the repair the vehicle should be road tested as needed, to assure it was repaired properly. Check the vehicle for any additional safety issues. The mechanic should add all appropriate comments to the work order, particularly those which causes the repair time to exceed the estimate, and other repairs performed.

The department support technician should review the work order for accuracy including all parts, labor, sublet repair, and comments. Ensure the proper repair task codes are used and update the preventive maintenance program if appropriate. If the order is complete close the work order. Notify the customer the vehicle is ready for service via phone or email depending on the customer's preference.

Parts

When parts requests are received for processing the department support technician should check the information for accuracy. All parts removed from stock should be charged immediately to the appropriate work order. Non-stock items should be purchased from the appropriate vendors following Grants Pass purchasing and procurement policies and procedures. The department support technician should keep the shop apprised of the pending parts orders on a daily basis. The department support technician should follow-up with vendors on all pending orders. In some instances overnight delivery may be necessary which may require additional authorization from the lead mechanic. Delays should result in the department support technician researching new temporary parts sources. When delays continue to exceed normal delivery times, follow the City's policy and procedures to select a new parts source. As parts are received they should be received into Collective Fleet and delivered to the mechanic as soon as possible. In the absence of the department support technician, the lead mechanic or other designated personnel will perform these duties.

Ensure that all parts, labor, and sublet items are entered into Collective Fleet so the transaction date is captured for reporting.

Category 12 - Utilization Management

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our agency has a strictly enforced utilization management policy.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
2. All data used to review utilization is analyzed monthly for accuracy.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
3. Our agency produces monthly or quarterly utilization reports and meets with customers regarding low usage vehicles.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
4. Our agency uses vehicle and equipment pools and private sector rental firms.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
5. Our agency has a utilization review committee, and the results are positive and cost effective.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
6. Our fleet agency has adopted utilization standards.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
TOTAL POINTS	10	Not Pass	2

Utilization Management

A fleet is the correct size when it meets the core needs of the customers. Underutilized units drive up the fleet costs in many ways. Maintenance costs, capital costs, and fuel costs are just a few of the affected areas. Additional personnel are required to maintain an underutilized fleet. Larger maintenance facilities are required which adds to the utility cost. The Management Entity should provide enough of the correct fleet units to customers to perform the essential functions of their daily requirements. When additional units are required for special projects or during peak operating times they should be secured from short-term rentals or leases. The tool used to assure customers have the right fleet to meet their daily requirements is utilization management. This is accomplished by creating a program that monitors vehicle usage on a monthly/quarterly/annual basis.

Findings

Fleet does not have a utilization program. FCS conducted a detailed utilization analysis. We found that approximately 36% of the fleet, (47 units), failed to meet our minimum usage standards for a city form of government. The Low Usage Summary below depicts low use assets for vehicles and equipment. Vehicles represent 51% and equipment represents 49% of the total of underutilized units.

Grants Pass has 198 active units in their fleet. FCS evaluated 131 units for utilization. Excluded from the process were 4 antique vehicles, trailers, all vehicles and equipment less than 12 months old, and small equipment.

Of the 131 units evaluated, 47 units or 36% are underutilized.

Low Usage Summary

Vehicle By Class	Count	Percentage
Automobile (Hybrid)	7	15%
Truck (Light)	16	34%
Truck (Medium)	9	19%
Dump Truck	1	2%
Fire Truck	2	4%
Motorcycle	1	2%
	36	77%
Equipment By Class	Count	Percentage
Backhoe	1	2%
Heavy Equipment	3	6%
Riding Mowers	2	4%
Loaders	2	4%
Skid Steer	1	2%
Tractors	2	4%
	11	23%

A complete list of underutilized units is contained in Appendix C. The vehicles highlighted in blue are low usage, yellow are marginal usage and require additional monitoring, green are seasonal and should be monitored during their seasonal operation for usage and red should be disposed of at auction. Most fleets analyzed by FCS have 8 to 12% underutilized assets. Our standards for evaluating utilization the first time are 300 miles for vehicles and 20 hours per month for equipment that use an hour meter. We used life meters to determine utilization. There are 8 units that require close monitoring. They are highlighted yellow on the list in Appendix C. These vehicles should be closely monitored to ascertain if usage is an issue. There are 7 seasonal units that need to be monitored during their operational season. They are highlighted green on the list in Appendix C.

FCS found underutilized units in fourteen specific departments. The following table shows the breakout of vehicles and equipment by department.

Low Usage Units By Department

Department	Units
Building & Safety	2
Engineering	4
Fire	4
Jo Gro	3
Motor Pool	1
Parks	7
Police	2
Property Management	3
Sewer Capital	1
Sewer Collections	4
Street	9
Traffic Control	1
Water Distribution	4
Water Treatment	2
	47

By monitoring utilization, the fleet could be right-sized. It is important to monitor seasonal units during their months of operation to ascertain accurate utilization.

Recommendations

Utilization Review Committee

The implementation of a Utilization Management Committee (UMC)¹ will enhance the ability to right size the fleet. As the fleet becomes right-sized, other benefits will start to appear. The parts inventory will decrease; fuel consumption will decrease; cash reserves will be built from the sale of assets; and there will be a surplus.

The percentage of vehicles and equipment underutilized is 36%. This exceeded the industry percentages by 300%. All internal departments that use assets to perform their job have low usage vehicles and equipment.

FCS recommends forming a Utilization Management Committee to monitor fleet usage and oversee the transfer of low usage vehicles and equipment for disposal or reassignment.

We recommend that the UMC be comprised of management personnel who do not use vehicles or equipment in their daily performance. It is also paramount to secure management staff with a good understanding of the agencies financial planning and budget processes. Finally, we recommend that the Management Entity not chair this committee but instead act as an expert support member to the committee. FCS recommends the committee be comprised of the following staff:

¹ The committee cannot be comprised of departments that have vehicles and equipment assigned to them. FCS offers a specific, recommended committee makeup.

1. A staff member from the City Manager's Office.
2. A staff member from the Finance Office.
3. A staff member from another office without vehicles.
4. Fleet Management Entity to support committee data and technical requests.

The committee's function is to review vehicle and equipment usage quarterly and make recommended re-assignments without bias as needed to keep asset ownership cost effective. The committee should be a sounding board for requested additions to the fleet, as well as reviewing the annual replacement program. Complete detail is included in the Policy and Procedures Manual.

Create a vehicle and equipment pool to accommodate all class codes of equipment. All departments could utilize the current low usage equipment if these units were in a pool. Two pool locations are needed; one should be close to City Hall (CHP) and the other at Fleet's maintenance garage (MP). FCS checked with Collective Data and the cost to purchase a motor pool module to control the motor pool operations is \$1,500. The pool should be its own cost center and managed like a private rental agency. If the pool is losing revenue due to infrequent use, the assets should be adjusted to increase the usage of the remaining assets.

Using leased or rental vehicles is a cost effective alternative to ownership. Fleet can rent almost every type of asset that is currently in the fleet. For seasonal and short special projects, rentals or short-term leases should be used. These seasonal short-term leases/rentals can also be internal.

FCS recommends limiting the use of SUVs unless they are hybrid or E85 fueled. In that case, the City of Grants Pass should display an E85 or alternative fuel logo showing the City is taking an active approach to control dependency on foreign oil and to minimize emissions. Create a new SUV policy to require that all SUVs in the fleet, commencing with the 2013 budget year, be alternative fueled or flex-fueled. Adding alternate fuel logos to all of the alternately fueled vehicles shows the citizens the City is being environmentally friendly.

Exempt Vehicles and Equipment

Exempt vehicles are normally specialized vehicles that cannot be rented or borrowed. Due to the level or type of service provided to the customers, the City of Grants Pass may be required to own this type of asset even if it is not cost effective. As mandates require departments to obtain certain equipment for its inventory, this may cause the fleet to appear larger than needed.

Some of these assets are first response emergency or highly specialized vehicles that may only be used a few weeks annually. FCS has evaluated the usage history in detail and made a list of low usage vehicles and equipment. FCS recommends the new Utilization Management Committee review and further evaluate the list. The committee must have the authority to place highly specialized vehicles and equipment in an exempt status. Exempt status eliminates certain assets from quarterly usage analysis and justification for ownership. Although certain units may be exempt, this does not change the number of underutilized units. The committee should still evaluate these highly specialized assets annually as part of budget preparation. The remainder of the vehicles and equipment on the low usage list do require justification.

Vehicle and Equipment Pools

Most low use vehicles and equipment could be placed in a vehicle/equipment pool and checked out as needed. Using a pool will assist with right sizing the fleet by tracking usage.

Below is a picture of an automated pool system that eliminates the need for manual data entry and automates the cost of pool charges.

Automated Motor Pool System



Systems can be placed in locations where weather is an issue. Systems like this do not require onsite personnel. This particular system is sold and serviced by Invers. The Invers system can be reviewed at <http://www.invers.com>.

Department or operational assignment detail clearly shows that most operations have some low use vehicles and equipment. That is why we recommend a pool assignment program be developed. The savings generated by the reduction in assets would more than pay for the complete pool set-up.

FCS estimates that most of the vehicles and equipment will be disposed of or reassigned to a pool once a more detailed evaluation is conducted in-house.

Savings

The City will incur some savings by following our recommendations. The capital savings from not replacing underutilized equipment would amount to a savings of \$335,000. This refers to the 7 items FCS recommended be sold and not be replaced. If sold the revenue from the sale would be approximately \$34,000 depending on the condition of the equipment. The annual operating savings from not paying depreciation would be approximately \$24,000. These savings do not take into consideration the maintenance savings. The maintenance cost history was not available. These are very conservative figures based only on the seven units we recommend to be sold. This is an example of the cost benefits of creating a fully functional utilization management program.

Category 13 - Replacement Program

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our agency has a replacement policy, and the policy is mandated as part of the budget process.	2	Yes No	0
2. The replacement program is fully funded, and funds collected are accurate based on either replacement cost or depreciation.	2	Yes No	2
3. The replacement fund balances at fiscal period end.	1	Yes No	1
4. Our agency has a policy prohibiting the retention of old vehicles previously replaced unless they are rebuilt or refurbished.	2	Yes No	0
5. The replacement program is heavily influenced by utilization management policies.	2	Yes No	0
6. Low usage vehicles are evaluated prior to being replaced.	1	Yes No	1
TOTAL POINTS	10	Not Pass	4

Findings

The City of Grants Pass uses straight-line depreciation for vehicles and equipment. However, there is not a formal replacement program. Typically depreciation is tied to replacement.

During our utilization review, we found the City of Grants Pass has a utilization problem. Utilization should be tied to replacement so the City benefits from owning the unit. Otherwise, alternatives to ownership should be explored.

FCS reviewed 198 vehicles and equipment with an original purchase price of \$7,241,000 or greater. The total current residual value of all units is estimated over 3.5 million dollars. The units belong to all City departments.

Using Grants Pass equipment replacement methodology FCS found the following:

- 1) 24 of 198 units are due or overdue for replacement based on depreciation age. This excludes the “cost vehicles” that have already been replaced and the 4 antique parade units. The 24 units overdue for replacement have an original purchase value of \$575,000.

NOTE: Grants Pass does not have formal replacement criteria for all class codes of equipment. FCS used industry best practices for those class codes that did not have replacement criteria. FCS also noted the replacement cycles for fire apparatus is too long. A lifecycle analysis should be performed to determine the replacement window.

- 2) Due to the fact 36% of the fleet does not meet minimum utilization standards practically all units are replaced due to age as opposed to mile/hours, and repair costs.

The 24 units meeting depreciation age have meters ranging as follows:

Vehicles 24,470 – 98,118 miles
 Equipment 30 – 4,033 hours

NOTE: These large variances depict the vehicles need to be rotated within the user department.

Our findings indicate that the City of Grants Pass has too many vehicles and equipment, and they need a formal replacement program.

Recommendations

When delivery of new vehicles and equipment occurs, old units **must** be turned into Fleet prior to releasing keys and gas cards for new units to the departments. This should be a formal policy that will prevent the fleet from growing. Exceptions must have written justification from the department, Management Entity and UMC approval.

We recommend the fleet be evaluated for utilization standards as outlined in Category 12. Once the committee has established standards, exceptions, which vehicles and equipment will move to pool, be transferred to other departments, or flagged for disposition, a formal replacement program can be developed. All vehicle class codes should have a lifecycle analysis performed, which should be updated annually.

Starting a Program

Replacement should be a smoothed process. As an example, if there are 10 units in a class code with a ten-year cycle, plan to replace one unit per year. Update the replacement plan annually to have a forecasted replacement budget, which can be shared with customers and Finance. A smoothed replacement program will eventually smooth annual repair costs. To meet this goal, annual usage must be similar which means rotating some units to equalize utilization. This can be a challenging goal to achieve, assuming different departments will have different utilization and internal policies regarding vehicle use in general.

There are many books and manuals written regarding government vehicle and equipment replacement. The NAFA Fleet Management Association (NAFA) and other authors have similar offerings and basically present the same or similar program. The following is an abbreviated method describing how to create a replacement program. This methodology is based on a combination of sources including NAFA and FCS experience.

Determine Optimum Replacement

The criteria to determine optimum replacement are:

- Meter
- Age
- Maintenance costs

Replacement criteria for a class code is stated as the number of years and/or miles/hours, whichever occurs first, and/or life to date costs meet or exceed a percentage of the capitalized value. When a unit meets one or more of these criteria, the unit should be reviewed for replacement.

Meter

A meter criterion for replacement is driven by class code annual utilization. Most gasoline vehicles will last 100,000 miles or more if properly maintained. Diesel trucks and vans typically last 150,000 miles or more depending on their maintenance and job function. If diesel trucks are replaced at 150,000 miles, their utilization will determine when the trucks will reach their life mileage. Examples:

$$150,000 \text{ life miles} / 10,000 \text{ annual miles} = 15 \text{ years}$$

$$100,000 \text{ life miles} / 10,000 \text{ annual miles} = 10 \text{ years}$$

The best time to replace vehicles and equipment is prior to a major component failure. Work order history documents the meter when component replacement occurs. Examine major component failure to determine if the failure is due to inadequate maintenance, improper operator care, manufacturer defect, or wear due to age. After the meter range is determined where major components fail due to age, the life meter for the class code be predicted. If failure occurs due to inadequate maintenance or improper operator care, adjust maintenance schedules or operator care to correct those problems. If the failure occurs due to manufacturer defect contact the manufacturer even if the vehicle is out of warranty.

Age

Once the life meter for a class code is predicted, determine the age where parts availability is affected. Downtime will become longer and more frequent, affecting the customers' service levels. When this happens, spare equipment must be kept and maintained so crews can continue to work while the front line unit is repaired.

Maintenance Costs

To determine average annual maintenance costs, review maintenance costs including sublet vendor repair for each calendar year a vehicle is in service. If a spike occurs followed by lower costs the following year; check to see if the spike is due to major component replacement. If so, determine the meter and age this occurs to establish a pattern for units in this class code.

Exclude accident repair, vandalism, damage in operation, and user-caused repairs as these costs can be high and miscue the class code analysis.

To flag vehicles that experience high life to date costs in exception reporting, consider using 50% to 75% of the total capitalized value.

Major Component Replacement

When considering major component replacement, review maintenance history, physical condition, and other projected repairs. Do not allow the repairs to exceed the vehicle's current value. Most fleets use spare or pool vehicles while units are down for repair or while waiting for delivery of a new replacement.

The previous section partially describes a life cycle cost analysis. A life cycle cost analysis over units' life within a class code can pinpoint optimum replacement points. Again, the best time to replace equipment is prior to major component failure. Reviewing maintenance history by equipment class code and investigating reasons for the component failure can assist in predicting component failures.

Major component replacement can vary by class code and function of the vehicle. Some utility and government fleets will consider engine and transmission replacements as part of a planned refurbishment on larger diesel equipment that perform specialized functions and extend their life cycles. Refurbishment is a planned capital expense and is tracked separately from regular repair costs. Otherwise, exception reports will show a spike in repair cost and the unit will be flagged for replacement.

Data accuracy is of utmost importance in forecasting component replacement, as inaccurate history will produce inaccurate results.

Starting a life cycle cost analysis is involved and will take time; however, the knowledge gained regarding the fleet is invaluable and will assist in making informed cost saving decisions. Once the analysis is completed, it should be updated annually to stay in step with the fleet and which direction maintenance costs are heading. FCS recommends Grants Pass invest time in learning the details of performing life cycle cost analysis and apply the knowledge to determine vehicle replacement. Various fleet management books offer detail information, and NAFA offers an instructional CD.

Extend Replacement Life

To extend the life of vehicles and equipment, and create cost savings, FCS recommends the following:

- Implement an aggressive preventive and predictive maintenance program.
- Create utilization standards by equipment class code, and right size the fleet.
- Smooth utilization within the same class code by rotating assets.
- Perform a life cycle cost analysis for each equipment class code.

Replacement Zone

Rather than creating a specific age for replacement, create a replacement zone for each class code of equipment. A replacement zone is a period of years to review assets for replacement. The starting year is the earliest time to review the asset. Replacement can be deferred until the last year of the zone. At that time, action must be taken such as:

- Replacement
- Transfer to a low profile work area
- Transfer to pool

Having a replacement zone informs departments the maximum length of time the asset can be in service before disposition is arranged. The Policies and Procedure manual FCS created offers more detail on using a replacement zone.

Equipment Replacement Fund Findings

The Equipment Replacement (ER) fund is tracked in the HTE system. Departments have access to HTE and the ER fund to run reports. Finance forwarded 2 files for May 2012 for evaluation. One file contained fund balances and the other contained monthly depreciation amounts and overhead billed to internal customers.

Overhead is calculated annually during budget and for 2012 was calculated as \$88,895. Annual adjustments are made for actual expenses. The budgeted overhead amount is divided by the projected depreciation collection to determine the percentage that is charged to each vehicle. The amount collected is placed in unit ER0000 in the ER fund.

Quarterly interest is distributed pro-rata to units in the fund.

FCS was unable to balance the ER fund due to interest and depreciation collections being totaled together for each unit. FCS divided the fund balance for each unit by the monthly depreciation amount to see if balance amounts were reasonable. This was also difficult, as customers stop and start depreciation, transfer amounts to other vehicles, and other reasons. FCS found most fund balances are reasonable for replacement based on the original purchase price. Customers that fall

short are making up the difference from their budgets or borrowing from the ER fund to purchase their unit and then re-paying the fund for what they borrowed.

Finance and Fleet have draft procedures for managing the fund. Fleet is responsible for setting up the project, and enters notes. Finance enters changes to monthly depreciation charges, allocates quarterly interest to the units, and monthly overhead.

As of May, 2012, FCS verified the fund balance as \$3,234,479.53. Of that amount we found \$246,509.20 not linked to an asset for replacement, but are on hold for future purchases. The funds belong to the following agencies:

Agency	Funds On Hold
Parks and Community Service	3,941.06
Fire	60,936.31
Police	49,789.25
Public Works	121,221.81
Community Development	10,620.77
Total	246,509.20

Details for the funds are in a table called Equipment Replacement Funds On Hold on the next page. A list of units that FCS questioned Fleet is contained in Appendix H.

Of the funds that have been collected and where monthly depreciation billing has stopped, the amounts are very close to the purchase price of the original unit. Over the life of the unit, manufacturers' will increase pricing; therefore, FCS would assume most purchases exceed the funds collected. Agencies repaying the fund for shortages may be preferable to overages on every purchase.

Equipment Replacement Fund Recommendations

Most of our clients do not have equipment replacement funding. In these instances many units are past due for replacement, maintenance costs are high, and the units overall condition is poor. FCS commends the City of Grants Pass on having the foresight and the funding for replacing their vehicles and equipment. We recommend the City continue the practice of collecting depreciation for 100% of vehicle and equipment purchases, but with formal policies and procedures in place.

FCS suggests that the UMC review current practice, draft policies, and create a policy and procedure for Finance, Fleet and their customers to follow. We recommend the HTE system be modified making audits easier to complete. Depreciation collected should be separate from overhead and interest. The starting depreciation date and the number of months depreciation will occur should remain visible and with the unit throughout the process. Customers end up using the funds that are on hold and the UMC should create guidelines on how much is allowed, how long it can remain in the fund collecting interest, and other considerations. Guidelines should also address customers on borrowing and repaying funds.

What matters most is that the fund works and that customers understand it.

Equipment Replacement Funds On Hold

Unit	Description	Fund Balance / May 2012	Estimated In Service Date	FCS Comments/Questions	Grants Pass Response	FCS Followup Question	Grants Pass Followup Response
00V7-1	CD-00 NISSAN COMPACT TRCK	10,620.77	11/1/2000	Fleet shows unit replaced, what happens to fund balance.	this unit came from PS, traded for 97U7-1, money stayed with Department	The \$10,620.77 belongs to PS?	The balance belongs to Engineering/Community Development.
98AM51	PCS-98 KAWASAKI MULE	1,971.03	4/1/1998	Fleet shows unit replaced, what happens to fund balance.	Please see response to 05GC5-1		
98AM52	PCS-98 KAWASAKI MULE	1,970.03	6/1/1998	Fleet shows unit replaced, what happens to fund balance.	Please see response to 05GC5-1		
00P2-2	PS-00 PIERCE TRIPLE PUMPR	25,631.86	8/1/2000	Funding not enough for replacement.	Fire does not intend to replace		
01A1-2	PS-01 FORD CROWN VIC	21,802.00		Not an active fleet unit, why is their funding.	These are the two units that when we started leasing it was decided by CM that these funds were to remain available in case leasing did not work out		
01A1-3	PS-01 FORD CROWN VIC	27,987.25		Not an active fleet unit, why is their funding.	These are the two units that when we started leasing it was decided by CM that these funds were to remain available in case leasing did not work out		
79P2-1	PS-79 SUPERIOR PUMPER7310	9,672.59	3/1/1979	Fleet shows unit replaced, what happens to fund balance.	Remaining fund balance will stay with Fire, a PS question		
97P2-1	PS-97 PIERCE PUMPER #7307	25,631.86	7/1/1997	Fleet shows unit replaced, what happens to fund balance.	Remaining fund balance will stay with Fire, a PS question		
11SW4-1	PW- STREET SWEEPER	106,829.43		Not an active fleet unit, why is their funding.	money was accumulated to replace sweeper, was then contracted out.		
98U6-1	PW-98 NISSAN COMPACT TRCK	14,392.38	3/1/2000	Fleet does not show unit as replaced.	this vehicle was traded to Property Management 7/1, balance of money stayed in PW		
Total Funds Not Linked To Replacement		246,509.20					

Category 14 - Accounting and Billing
A Score of 7 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. The fleet is measured by performance measurements rather than by accounting policies or budget expense levels.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
2. Our fleet agency bills our customers for service.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
3. Our customers know what their costs are and how to manage cost.	1	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
4. The shop's labor rate(s) is fully burdened and documented.	2	<input type="button" value="Yes"/> <input checked="" type="button" value="No"/>	0
5. Our annual budget process accounts for all mark-ups and direct charges.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
6. The previous fiscal period's audit report was acceptable.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
TOTAL POINTS	10	Pass	7

Findings

Fleet bills internal customers monthly based on the previous calendar year's expenses, which includes fuel. Departments do not receive a monthly printed billing; therefore, departments do not see repair detail. This does not allow them to take appropriate action to reduce their costs.

The Fleet Department has separated overhead for Vehicle Maintenance and Equipment Replacement.

Recommendations

It is important the departments see their costs. Although the amount customers are charged is from last year, the current months costs can be reviewed in order to gain insight on how to reduce costs which effect next year's billing.

Typically fleets do not separate fleet maintenance and replacement overhead activities. Customer's maintenance and replacement requirements are based on the number and type of assets needed to service the City of Grants Pass. Overhead for these items is included in the labor rate developed for maintenance, making appropriate distribution as customers are billed for service. Replacement is an indirect activity as opposed to a direct activity which is a mechanic repairing a vehicle. All indirect activities such as training for all fleet staff, preparing billing, ordering vehicles and other items are included in the labor rate. FCS recommends that Grants Pass change the Fleet Department to this method, which eliminates the need for 2 divisions.

Charge Back Billing

To create a charge back billing, Fleet's budget is allocated to different cost centers as follows:

- Labor – rate per hour including direct and indirect charges
- Parts – percentage of markup
- Fuel – cents per gallon
- Other areas such as Motor Pool

Each cost center has its own overhead, therefore each area should be burdened and carry its own cost of operating.

FCS took Fleet's 2013 budget and allocated costs based on budget narrative received from them. FCS used this as an example of what rates and markups would be. The amount of hours staff spent on fuel and parts was based on estimated hours from each employee to determine rates. Our estimates should be reasonable; however, costs should be thoroughly reviewed to accurately state rates and markups. FCS is available to assist with this process. Appendix D contains Fleet's 2013 budget and allocated costs used to calculate the rates and markups in this section.

Fleet 2013 Estimated Rate and Markups

Labor Rate: \$111.00
 Parts Markup: 20%
 Cost Per Gallon Markup: \$0.10

Determine Budget Allocation by Cost Center

List all cost centers across the top and list the people and budget line items down the side. Enter the percentage of budgeted cost that should be allocated to each cost center. Each row should total 100%.

	<i>Repair and Administration</i>	<i>Parts</i>	<i>Fuel</i>
Fleet Manager	80%	10%	10%
Office Clerk	30%	60%	10%
Parts Person	0	85%	15%
Mechanic	95%	5%	0
Office Supplies	80%	15%	5%
Uniforms	90%	10%	0
Tool Allowance	100%	0	0

Labor Rate

The labor rate can be determined for each shop within a facility, or for the entire facility. Examples of shops are light duty, heavy duty, fire apparatus, tire shop, and so on. The majority of clients calculate one rate for the entire facility as they feel this is more competitive with outside vendors.

When networking with other fleets, the term “fully burdened labor rate” encompasses all direct and indirect costs to operate as if a private business. This hourly rate is used to repair vehicles, and meet expenses and other overhead items not covered under Parts, Fuel or a Motor Pool operation.

Items included are employees’ salaries and benefits exclusive of time spent in parts, fuel and motor pool. Examples of other included expenses are computer system depreciation, maintenance and fees, uniforms, office supplies, parts cleaning machines, training, telephones, utilities, shop equipment and supplies, building maintenance, building rent/mortgage, trash pickup, depreciation and operating costs for vehicles and other equipment associated with the shop such as a wrecker or an administrative vehicle. The rate also includes a large portion of the budgeted Administration and IT charges which not all fleets have.

Once the total of all costs are compiled, the labor hours annually billed is used to determine the hourly rate as follows:

$$\text{Estimated operating costs} / \text{Billable hours} = \text{Labor Rate}$$

$$365,516 / 3300 = \$111$$

Parts Markup

Identify all annual costs associated with providing and maintaining an on-site parts inventory. These items include salaries and benefits of full time and part time inventory personnel, the depreciated cost of all vehicles utilized for pickup and delivery of parts, vehicles operating costs, shelving and other storage and product moving equipment, used oil tanks, a percentage of the fleet management system, utilities, telephones, uniforms, office supplies, and other items.

To determine the markup, take the overhead budget cost and divide by the projected annual parts issues or the previous year's actual issues less any markup. To keep the labor rate down, we calculated 3.5% of the 620, 630, 640, 650, and 670 accounts so the parts markup would not exceed 20%. Salary and benefits dollars were taken from the estimated time employees felt they spent in this activity. The parts markup should not exceed 20%.

$$\text{Fleet } 17,716 / 90,250 = 19.63 \text{ or } 20\%$$

Fuel Markup

To determine the fuel markup in terms of cost per gallon, calculate the true cost of managing fuel including, administrative, and daily operational costs of fuel locations and/or fuel credit cards. This can be calculated by site and by fuel type, or calculate one markup for all locations and fuel types. In most cases our clients choose one markup for all locations and fuel types.

Since Grants Pass manages credit cards, include salaries and benefits for time associated with that process such as evaluating invoices, importing transactions, correcting mileage, and running reports. Also include fuel system software, a portion of the fleet system, phone lines, the personal computer used to process fuel, license fees, hardware and software maintenance, and other items.

Divide these costs by the annual fuel gallons issued or projected to issue, to determine the cost per gallon markup. To keep the labor rate down, we calculated 1% of the 620, 630, 640, 650, and 670 accounts so that the markup would be \$0.10 per gallon. Salary and benefit dollars were taken from the estimated time employees felt they spent in this activity. The fuel markup should not exceed 12% of the fuel budget. In this case, do not exceed the \$0.10 per gallon markup.

$$\text{Fleet } 7,234 / 70,253 \text{ gallons} = \$0.10$$

Pass Through Items

Pass through budget items are excluded from rate and markup calculations because they are ordered and paid for by Fleet and billed to fleet customers, along with a markup, for reimbursement. These items include but are not limited to:

- Parts, tires and supplies
- Sublet vehicle and equipment repair
- Fuel from credit cards
- Car washes
- General liability insurance on vehicles
- Taxes, Assessments & Claims

Pass through items total \$459,747 in the 2013 approved budget.

Benchmarking

FCS contacted 6 similar government agencies to compare to Grants Pass. The table below lists Grants Pass, the agencies contacted, and the items compared.

Agency	Population	Fleet Size	Fleet Staff Count	Facility Size or Number of Shop Bays	ISF Billing for Services	On-site Fuel	Fleet Computer System / Type	Labor Rate	Centralized Fleet
Ashland	20,200	199	5	5	No	Yes	Cartograph	\$ 60.00	Yes
Albany	50,520	400	0	0	No	No	In House	Market Price	No
Forest Grove	22,000	197	2	3 bay	Yes / No	Yes	Cams	\$ 75.00	Yes
McMinnville	33,000	82	1	4	No	No	Hanson	\$ -	No
Newberg	22,200	200	2	3	Yes	No	Cartograph	\$ 48.00	No
Roseburg	21,670	217	1	18 bays - most is parking	No	Yes	None	Market Price per RFP	No
Grants Pass	35,000	198	3.6	5,000 SF and 4 bays	Yes	No	Collective Fleet	\$ 89.00	Yes

Of the agencies interviewed, there are 3 centralized fleets. Fleet centralization means that all fleet vehicles and equipment report to one fleet agency for maintenance. Centralization of fleet operations in a government agency is an industry best practice because it is more cost effective and management specializes in fleet. It consolidates fleet personnel, procurement, policies and procedures under one agency.

We offer the following observations:

1. The average fleet size is 235 excluding McMinnville.
2. Excluding McMinnville the average population is 28,598 which equates to an average of 8.2 vehicles per 1,000 population.
3. The City of Grants Pass has a ratio of 5.7 vehicles per 1,000 population.
4. We were unable to collect the services performed for some agencies; therefore, we did not include that data.
5. Grants Pass labor rate is configured using methodology described in Category 14; however, we removed Administration and IT overhead to determine the labor rate.

Local vendor labor rates are as follows:

Vendor	Labor Rate
Lithia Chrysler	\$102.42
Jim Siegel	\$85
Mocks Ford	Electrical or diesel \$98.50; other \$91.50
Autosmith Automotive	\$75
Expert Tire Automotive	\$93
Kelly's Automotive	\$89
Cummins Northwest	\$109
Pac-Truck	\$102-\$105
Combined Diesel	\$65

Category 15 - Customer Service, Downtime, and Performance Contract
 This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our customer service rating is 7 or above (This must be a collective average response from customer questionnaire).	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
2. Our customers agree that the fleet is safe (This must be a collective average response from customer questionnaire).	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
3. Our customers agree that all repair costs are acceptable (This must be a collective average response from customer questionnaire).	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
4. Downtime meets standards as outlined in the 'Downtime Standards' performance measurements document.	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
5. We have a customer service agreement in place for all customers.	1	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
6. We maintain good customer communication (This must be a collective average response from customer questionnaire).	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
TOTAL POINTS	10	Not Pass	5

Companies that provide customer service initiate feedback to improve their level of service. Often, departments providing internal services within an organization fail to ask for this input.

Findings

Fleet does not have customer service agreements in place that include downtime and performance standards. Fleet does conduct a customer service survey using survey monkey to initiate feedback.

Customer Surveys

Surveys identify areas that are working well and areas that need improvement. FCS surveyed Fleet's customers regarding scheduling repairs, staffing, facilities, vehicle repair, and other items. Customers were asked to rate service using one point for a low score and ten for the highest score. Appendix E depicts the number of responses, the point average for each survey question, and additional customer comments.

Surveys Results

Fleet received the highest average score (9.7) pertaining to the vehicle and equipment specification process. Fleet involves the end users in the specification process.

The second highest average score (9.1) pertained to equipment and vehicle replacement cycles. There was one concerned user that thought the cycles might be too short.

The third highest average score (9.0) pertained to mechanic's knowledge of their job function. The customers were comfortable with the mechanic's knowledge base. Customers are happy with the repair service received from the mechanics. The mechanics stay abreast of the new technology.

The fourth highest average score (8.9) pertained to communication regarding vehicle defects, estimated downtime, vehicle repair status, and completion notification. One customer felt sometimes communication falls through the cracks. The customers were appreciative of the repair completion notification but were not aware of how the repair was progressing, especially if the repair was delayed due to parts or labor.

The fifth highest average score (8.7) was shared by two responses regarding quality of repairs and scheduling repairs or preventive maintenance. One customer stated they never have any comebacks. Another customer reported Fleet does an excellent job scheduling repairs and PM service.

Additional Comments

- There is no accountability. Please explain the 811-812 funds.
- Fleet needs a larger facility. They cannot work on large vehicles inside.
- One customer wanted the ability to purchase whole goods directly to avoid the mark-up.
- There are too many support personnel.
- There was no follow-up to their suggestions.
- There is a lack of information for the customers.
- Improve reporting for the replacement fund and billing repairs.
- Fleet provides a short turnaround time for PM service.
- Improve communication and input with Fleet administration.
- One customer wanted more policies and procedures.
- One customer thought Fleet could use a part-time mechanic
- Fleet could use a service truck for roadside assistance.

Recommendations

Fleet should create written contractual customer agreements, operating policies and procedures, and have more communication with customers regarding service and fleet policy. GFMA contains a sample operating manual that can be easily adapted for use. FCS is providing a policies and procedures manual, which is partially updated as part of this project.

Fleet should prepare a Daily Repair Status report that is emailed to customers or posted on Fleet's website. This report will update customers daily of repair progress enabling them to schedule their service accordingly. Dealerships strive for excellence in order to stay in business. FCS believes that Fleet organizations should operate in the same manner.

Fleet Multi-Department “Governance” Model

Fleet should manage by instituting the fleet best practices that are outlined in this report. FCS finds that when departments are allowed too much input into fleet administration that best practice is replaced by what the departments want sometimes regardless of the cost. Fleet is a service agency that if allowed to follow our recommendations, will save the City and taxpayers money. As a “service agency” Fleet should use methods that promote a team atmosphere as much as possible. Fleet must be supported and the departments informed that Fleet sets Fleet policy.

If a Management Entity can be creative and create a win – win situation the majority of the time; the departments know that fleet will work with them.

FCS recommends that Fleet enter into a service agreement with each department. An outline of an agreement is in Appendix F. The agreement covers the following:

- Management services provided by fleet
- Facility locations, hours of operation and phone numbers
- Phone numbers for emergency and specific services

- Level and quality of service to include downtime limits
- Charges for services and billing
- Asset Replacement
- Administration including problem resolutions
- Customer responsibilities

When Grants Pass creates the Utilization Management Committee, the committee will manage challenges regarding utilization and vehicle replacement.

Performance Measures

In technical terms, a performance measure is a quantifiable expression of the amount, cost, or result of activities that indicate how much, how well, and at what level, products or services are provided to customers during a given time period. Benchmarking with other fleet managers is helpful only when the benchmarking partner is a quality fleet organization. Be cautious when choosing benchmarking partners. The following performance measures are popular in the fleet industry. FCS recommends discussion on the following performance measures to ensure these will meet the City of Grants Pass' needs.

Equipment Downtime – Tracking equipment downtime for a specific segment of the fleet such as police, fire, snow removal equipment, and general fleet can have a big return on investment when done properly. Many fleet managers keep track of downtime to assure their customers have an adequate number of vehicles to perform their core functions. Downtime is recorded from the time the vehicle is brought to the shop for repair until it is ready for service. Downtime is usually recorded by the hour or portion of an hour as it relates to one month, quarterly, and annual intervals. Recording downtime assists with making decisions on new equipment purchases, shop performance, and up fitting vehicles and equipment. Accuracy is paramount when opening and closing repair orders. Shops need to be timely in processing repair orders.

Maintenance Cost per Mile - Tracking fully burdened maintenance cost when repairing equipment assists the Management Entity in establishing vehicle lifecycles. The lifecycles are crucial to maintaining a cost effective fleet. Odometer and hour meter information that updates the system through fuel and repair orders is used to calculate a maintenance cost per mile/hour for each unit. Creating and reviewing monthly, quarterly, and annual reports allows the fleet manager to validate equipment lifecycles and be alerted to equipment with a higher than normal cost of operation. Cost of operation between vehicle class codes becomes very clear. It is important to use a fully burdened labor rate for this exercise. When comparing cost per mile information with other fleets it is important for the Management Entity to know what is included in their benchmarking partner's labor rate. Maintenance cost per mile/hour information assists with making decisions on new equipment purchases, shop performance, and up fitting vehicle and equipment. If the cost per mile is high on a piece of equipment that is being bid it might not be the best piece of equipment to purchase. When including the cost per mile/hour and the capital cost the low bid vehicle could easily go from low bid to high bid.

Direct vs. Indirect Labor Time – A direct vs. indirect labor report is another valuable tool a fleet manager can use to check the performance of a maintenance shop. An industry standard is 65% direct billable time for a shop. This is not an easy task to accomplish. The other precaution a Management Entity needs to take is the employees are not padding time on the repair orders. This can be accomplished by using a nationally accepted estimating guide when estimating repair times. This allows a Management Entity the ability to check on the mechanic's

performance. Keep in mind all of these nationally recognized estimating guides provide more than adequate time in their estimates to perform the repair task. If mechanics are having trouble meeting estimated times, look for training for the mechanic. A nationally recognized estimating guide is not always available for all equipment types. When this occurs use the original equipment manufacturer's warranty guide. Another hurdle for municipal governments is the amount of time tenured employees receive. It makes it extremely difficult for a shop to maintain 65% billable time when employees receive 4 weeks of vacation, 104 hours sick with pay, and 10 paid holidays a year. Shop supervisors should review a direct time billing report each day to keep on top of shop performance. Caution should be applied when comparing direct vs. indirect time data with benchmark partners. It is important to know the benchmark partner's organizational structure.

Parts Inventory Turnover - Parts room inventory should turn four times per year. This keeps the inventory current. It alerts the parts room manager of obsolete inventory. Good fleet management software provides the information needed to create an inventory turnover report. The report needs to depict how often each piece of inventory was used. This report should be run and reviewed monthly, quarterly, and annually. If a stock part is not moving four times per year a decision must be made whether to adjust inventory levels, return it for a credit, or keep it because it is difficult to acquire the part. This information is usually used internally and not benchmarked.

Lifecycle Modeling – Accurate lifecycles are very important when properly managing a fleet. Before maintenance costs start to escalate the vehicle should be in the replacement window. GFMA which is accessed on the Fleet Counselor Services website <http://www.fleetcounselor.com> provides a module for calculating equipment lifecycles. The website also thoroughly explains the lifecycle model. A fleet's location affects life cycles. In other words weather, terrain, and how the equipment is used can dramatically change a vehicle's lifecycle. Similar fleets like to benchmark lifecycles of specific class codes of fleets. Be cautious to compare similar class codes and similar units. Lifecycle analysis is very time consuming and tedious work. Some Management Entities do not like to create and review life cycles therefore they compare their fleet class codes with other similar fleets to establish their own industry best practice. Some Management Entities just perform modeling for validation of their lifecycles. Once the initial lifecycle analysis is performed, it should be updated annually to monitor changes made to maintenance programs and how they impact costs.

Staffing Ratios – Staffing ratios are based on size, class code, age, and condition of the fleet. There are other variables that control the number of personnel it takes to maintain the fleet. It is important to have enough mechanics and support staff to meet the daily requirements of the shop. Management Entities should not have shop personnel waiting on work. It is better to be slightly short staffed and use overtime to accomplish the repairs. When a fleet is over staffed fleet is paying fringe benefits to personnel that are not getting direct billable time. There are plenty of equations on how to determine the number of mechanics and support staff. The easiest way is to use the calculators located in the City of Grants Pass access to GFMA which is accessed on the Fleet Counselor Services website <http://www.fleetcounselor.com>. These calculators take into consideration the type and size of the fleet and compute how many employees (technical and support) it takes to manage the fleet.

Labor Rate Comparison – Fully burdened labor rates are critical to managing a fleet when the repairs are performed in house. Maintenance costs determine life cycles; therefore the labor rate must be accurate to obtain good results.

Fleets have a multitude of revenue streams that effect their labor rate calculation. For example, if their budget is augmented by the general fund and that is not calculated into the labor rate it would lower their labor rate. It is imperative to understand a benchmarking partner's labor rate structure before entering into a labor rate comparison initiative. It is important to collect labor and parts costs from comparable private and public fleets in the Grants Pass area on an annual basis. FCS cannot stress enough the need to fully understand what goes into their labor rate and parts markup prior to collecting their data. Know all of their revenue stream markups like commercial repairs, shop supplies, fuel, oil and other services. Create a list of the labor and parts rates to see how comparable the City of Grants Pass rate is with the area. While it is not pertinent to this section fuel pricing should be included into this benchmark list.

Fuel Economy – Monthly fuel reports that depict fuel economy by hours/miles can indicate various red flags for a Management Entity. Low miles per gallon (mpg) numbers for any one class code of vehicles can indicate poor performance due to an inaccurate purchasing specification. Low mpg numbers for a specific vehicle can indicate poor performance (maintenance issue), excessive idle time, and sometimes fuel theft. Other exception reports can be created to pinpoint fuel losses. It is important to create fuel reports on a monthly basis and review them for any discrepancies. Know what the discrepancies are prior to benchmarking. Management Entities should compare class codes of vehicles when benchmarking. Accurate hour meters are the best tool for calculating usage.

Internal Performance measures:

Preventive Maintenance (PM) - Good preventive maintenance programs provide a safe fleet for the customer while saving money at the same time. One of the most difficult performance measures for a fleet Management Entity is the timely completion of PM service. The 95% completion rate is an industry best practice. Attaining this completion rate will take an aggressive approach from upper management, fleet, and the end user. It is important to track PM completions to assure the maintenance shop is completing them timely. Collective Fleet software tracks PM data and can provide a report that depicts their completion date if the repair orders are updated and closed timely.

Roadside Assistance – It is important to track roadside assistance repair orders that are due to mechanical failures. This report should be run monthly. Similar mechanical failures to one specific class code, make or model of equipment can indicate problems with the PM program. It will also help a Management Entity improve their predictive maintenance program. The report should be run by vehicle class code. When roadside assistance repairs are minimized, shop productivity improves because mechanics remain in the shop working on vehicles and equipment. There is no target number for roadside assistance repairs. It is directly related to the fleet size, the PM program, and the quality of the repairs performed.

Parts – There is a parts performance measure that is used to depict if appropriate parts are stocked and at proper stocking levels. Fleets track the number of parts received on first request. A good starting percentage is 80%. In other words when a mechanic requests parts they should receive 80% of their parts on the first request the remainder of the parts should be available in 24 hours. The only exception is for special order items. This type of performance measure is typically used when a third party parts supplier operates a parts warehouse in the maintenance facility.

Rework - It is important to track the rework repair orders each month. This will allow a Management Entity to know the quality of the repairs performed in their shop. It will also indicate when the quality improves or declines. Minimizing rework repairs improves downtime, and shop productivity. The number of rework repair orders is directly related to the fleet size, quality of work performed, and the mechanic's knowledge base. The Management Entity should strive to attain zero rework repair orders every month. Good fleet management software can track and report on rework repair orders.

Category 16 - Parts Inventory

This is a Foundation Category Requiring a Total Point Score of 8 or Greater

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. The parts inventory is completely automated and uses no paper records.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
2. Inventory management process uses seasonal parts evaluations for specialized equipment.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
3. The parts room is bar coded for both charging out for parts and annual or monthly audits.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
4. The stock-out rate is consistently less than 20% and annual inventory turn is greater than a 4 to 1 ratio.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
5. The PM parts inventory represents 20% of our total parts inventory.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
6. The parts inventory program uses parts consignments from our major manufacturers.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
TOTAL POINTS	10	Not Pass	5

Findings

Fleet has minimal parts and supplies on hand and does not have allocated staff to run the parts room. Purchases up to \$5,000 per purchase are allowed without a written quote. Purchases over \$10,000 require 3 written quotes. The majority of purchases are made using the \$5,000 per purchase rule. The lead mechanic stated that he did get verbal quotes on some items.

There is minimal security for the parts room. Two mechanics secure their own parts for vehicle repairs without documentation. The Management Entity orders stock parts weekly. Non-stock parts are ordered as needed. When non-stock parts come in they are delivered directly to the mechanics to be installed on the vehicles. Both mechanics review repair orders to assure all parts are charged to the repair. The Management Entity approves the parts invoices for payment. The agencies are billed accordingly. Annual stock inventories or cyclical inventories are not required.

Fleet is not utilizing Collective Fleet to set inventory minimum and maximum levels for stock. Stock needed is determined by the mechanic placing an empty container for the part used in a designated location, thereby ordering parts when the quantity on hand reaches zero.

FCS compared shelf quantities to levels in Collective Fleet on 4 part numbers, and all 4 matched. The items checked are as follows:

1. 84252 Filter - 2 each
2. 24813 15W40 Oil - 4 quarts
3. R85515 Filter - 9 each
4. H55H112 Bulb 55 Watt - 6 each

Recommendations

FCS recommends the parts room be secured to ensure authorized personnel only are permitted access. Good accounting practices never permit the person who purchases the part to pay for the part, however, staffing levels do not allow for the normal formalities. There needs to be a separation to minimize the possibility of collusion and theft. Since Fleet is paperless regarding parts issues, therefore FCS recommends a formal annual parts inventory be performed to account for any inconsistencies. Physical counts that do not reconcile should be researched to ensure

accuracy of orders and receipts before adjusting counts. Count adjustments should be monitored and approved by someone other than the lead mechanic.

When possible, we recommend clients purchase parts on a consignment basis. This will place the majority of the ordering responsibilities on a third party vendor. It will also minimize the cost of inventory for the City as Fleet will not be required to pay the vendor for the part until it is issued for a repair. Grants Pass inventory size may pose a problem for parts consignment to be beneficial.

Fleet would save verbal quote time by securing 12 or 24 month purchase agreements or contracts with various parts vendors. Specifications should state that parts must meet or exceed original equipment manufacturer recommendations to ensure part quality. Specifications regarding the type of parts can be grouped based on current knowledge of vendors in Grants Pass and extend to surrounding areas to encourage more competition. Including provisions for delivery within a certain timeframe can reduce or eliminate the need for the lead mechanic and mechanic to drive to vendors to pickup parts. We encourage Fleet to be creative in saving time and money.

FCS recommends the level of inventory be set to allow 80% of parts requested by the mechanic be supplied upon their first request. Seasonal and specialized parts that show a demand should be kept in stock to prevent long delivery delays. Once Collective Fleet has accurate inventory settings, Fleet can run reports for stock ordering on a daily or weekly basis.

General Policy

Fast moving parts should be maintained in inventory, particularly those associated with preventive and predictive maintenance to reduce downtime. Demand should be a minimum of 2 every 6 months for stocked items. If stock replenishment can be accomplished the same day or the next day, keep stock levels low to reduce inventory costs. Delivery lead time must be considered when calculating stock levels and reorder points.

Parts purchases should include provisions for returning parts and cores for credit, include free same day or next day delivery from local vendors, and state their warranty period.

Maintain auditable records by ordering, receiving and issuing parts and supplies using the Collective Fleet management system. Inventory adjustments should be documented and approved by the Management Entity and by another level of management outside of Fleet prior to adjusting counts. Errors should be corrected in the fleet system. Spend the amount of time that the part(s) are worth when looking for discrepancies.

Parts issues and receipts should immediately be recorded in the Collective Fleet system to enable software to generate accurate reports of parts that need to be ordered.

Aftermarket parts and supplies must meet or exceed the original equipment manufacturers' specifications.

Do not remove and stock used parts from vehicles being retired or sold unless there is a justified reason. If there is a justified reason, document the cost savings including the time taken to remove the part(s), the value lost on the salvage vehicle sale, the time lost not repairing a similar vehicle that is down in the shop for repair, the value of space the part takes in the warehouse, and the time to create a new part number and assign a value.

Category 17 - Fuel Management and Alternative Fuel
A Score of 7 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our agency uses alternative fuel.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
2. Our agency meets all federal, state and local clean air requirements.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
3. All fuel inventories balance for each underground tank at the end of the year.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
4. The fuel system is fully automated and interfaced with the fleet management system and captures accurate vehicle meter and fuel data.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
5. All fuel inventories, by tank, turn over at least 10 times per year.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
6. All fuel tanks have been tested during the past 11 months and as-built drawings are on file in the fleet manager's office.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
TOTAL POINTS	10	Pass	10

Fuel management is a very important part of the Management Entity's responsibility. If fuel is not managed properly it can become very costly for a fleet operation. There are many different options for procuring fuel.

- The State Cooperative Bid Agreement
- A formal contract
- The spot market
- The futures market
- Create a cooperative bid agreement with local fleets
- Commercial fueling sites
- Use one or all of the above options

There are numerous pricing methodologies used to purchase fuel in today's market. For example a Management Entity has the option to create a formal agreement using the "Oil Price Index Service" (OPIS) pricing, Rack pricing or a low bid pricing method.

There are also incentives and rebates that a Management Entity needs to be aware of when purchasing fuel such as alternate fuel incentive programs. Some states offer a rebate for off road vehicles.

Findings

The City of Grants Pass does not have a centralized fueling infrastructure. The City uses public commercial fuel sites to fuel their vehicles and equipment. The City has an agreement to purchase fuel from Hays Oil, a local vendor. They receive five cents per gallon discount based on a minimum quantity purchase each billing cycle. Colvin Oil stations are used too, and have an average of 20 transactions per month. Hays Oil bills three times per month. Grants Pass uses Shell credit cards for all out of town travel. They import or manually key the fuel data (mileage, hours, equipment number, driver) into Collective Fleet. The fuel is linked to the vehicle via a credit card. The operator uses a four-digit PIN number to add security to the procurement process. Grants Pass uses B-5 Bio-Diesel as an alternate fuel.

Fuel Tax Incentives

After reviewing the fuel information it is unclear if the City is taking advantage of any fuel tax incentives. Typically state governments offer an off road tax rebate for equipment that is used off road or is equipped with a power take off that drives an auxiliary unit. This includes but is not limited to construction equipment, fire apparatus and other such equipment. The rebate can be 100% of the State tax paid or just the percentage that was off road use. The fire apparatus typically fall into this category. FCS recommends the Finance department follow up with the Oregon State of Licensing Department on the requirements to apply for the off road tax rebates.

Recommendations

The City of Grants Pass is limited in their fueling options since they do not have their own fueling infrastructure. FCS recommends the City of Grants Pass contact Josephine County Public Works to see what is available and how it compares to Hays Oil. FCS tried to contact the County numerous times but was unsuccessful in our endeavors. Fleet will continue our effort to contact Josephine County Public Works to embellish this category in the final report. Fleet should establish an emergency fueling contract with Josephine County to provide fuel during a catastrophic event if the private sector fuel sites are disabled. The County should be able to supply fuel for at least 30 days. If the County is competitive Grants Pass should try a pilot program if for no other reason than to provide competition for Hays Oil.

Category 18 - Vehicle Procurement

A Score of 8 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Our agency's vehicle and equipment standards directly relate to the vehicle's primary job responsibilities.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
2. The acquisition process is a joint process between fleet management and the customers.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
3. The acquisition process provides for hands-on testing prior to purchase.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
4. Our agency uses joint purchasing agreements such as state bid or multi-agency bids.	1	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	1
5. Our agency evaluates the use of alternatives to ownership prior to making a purchase decision.	3	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	3
6. All fleet additions must be justified prior to purchase and receive fleet evaluation prior to budget authorization.	2	<input checked="" type="button" value="Yes"/> <input type="button" value="No"/>	2
TOTAL POINTS	10	Pass	10

Fleet acquisition works best as a joint process between fleet and the customer. Involvement should include the end user manager or supervisor and the operator who can provide firsthand knowledge of what works and does not work to perform their job. Discuss programmatic changes in job function that affect the size and purpose of equipment.

Findings

The Management Entity uses the State Cooperative bid process, National IPA, or creates specifications for vehicles and equipment. The Management Entity does not require the department to complete a needs assessment for each piece of equipment they request. There is no utilization policy or utilization information available to review prior to the approval process. The Management Entity does not perform lifecycle analysis on equipment class codes prior to requesting the replacement of a piece of equipment.

Recommendations

Fleet Replacements, Additions and Utilization

Link replacement requests and fleet additions to a utilization policy. If the current vehicle or equipment does not meet the minimum utilization standard, then explore other alternatives such as renting or transferring an underutilized unit. Outline what constitutes exceptions so each customer understands.

Require justification for fleet additions such as:

- Where the vehicle will be assigned
- The job function of the vehicle or equipment
- Operator assigned to the vehicle
- Does the vehicle require changes to current specifications and why?
- Projected annual usage
- Department manager's authorization

Vehicle and Equipment Needs Assessment

Procurement for fleet replacements and additions should always start with a needs assessment. Create a form that will ask pertinent questions regarding the vehicle or equipment so Fleet can ascertain the maximum payload and GVW rating to accomplish the job function. As much as

possible, the assessment should address all essential criteria to accomplish the job function, so changes will not be required. This information together with Fleet's knowledge of the organization provides a tool to create a specification to meet the job requirement. Appendix G contains an example needs assessment form.

The needs assessment assists Fleet in keeping procurement expenses at their essential limits. Accessories and optional equipment increase cost and their additional weight reduces fuel economy. Consider fuel economy in every needs assessment. Likewise, list only the accessories and optional equipment essential for the job function.

Items to consider during the needs assessment are:

- Quantity by class code - Quantity purchases usually reduce cost
- Job objective - Detail how the unit supports the agency goals
- Are the units required to meet Alternative Fuel or "green" policies
- Projected utilization - Miles or hours of usage per year
- Intended use - Specify essential accessories and special options required
- Weight assessment - Specify exactly what the unit will carry or tow including number of passengers, tools, other equipment, and supplies
- Driving conditions - Dirt roads, steep grades, ice and snow, or highway conditions

Determine Estimated Cost

Upon completion of the needs assessment, perform a life cycle cost analysis for each class code to establish a projected life cost.

Select a minimum of two additional comparable manufacturer models for cost comparison over the unit's expected life. Gather the fixed and operating costs for each.

Fixed costs include depreciation, interest, license and registration fees, and insurance. For operating costs calculate scheduled maintenance and fuel costs. Treat unscheduled maintenance costs as follows:

1. If the repair should be part of scheduled predictive maintenance, then include the cost.
2. If the repair is due to an accident, vandalism, abuse, damage in operation, or other reason that is not defined as normal maintenance by the manufacturer, then exclude the cost.

The comparison will show which manufacturer's model will cost the least amount over the life of the asset.

Specifications

Prior to preparing specifications, review historical costs-by-component system for effectiveness. Analyze systems that are highest in cost and repair frequency and determine the reasons for the repairs. Make specification adjustments as necessary to reduce maintenance and downtime. Perform an annual life cycle cost analysis on vehicles and equipment to provide an analysis to create the best specification.

Include operator and mechanic training in specifications, particularly on new specialized units. Enter a specific timeframe after delivery for the training to occur, making it convenient for the City of Grants Pass, and before the unit is released into service. If the Management Entity is performing an annual life cycle cost analysis of the fleet, pros and cons of existing vehicles and equipment will be known.

Category 19 - Emergency Management
A Score of 7 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Fuel inventories and access to back-up fuel plan allow for 30 days of operation without needing additional resources.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
2. Purchase orders are in place with local equipment companies for emergency purposes.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
3. A list of vehicles, equipment, and rental companies are forwarded to the emergency management office every six months.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
4. All shop employees have received training for our department's role in an emergency situation.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	2
5. Back-up operational plans are in place in case our repair facility can no longer be used.	2	<input type="button" value="Yes"/> <input type="button" value="No"/>	0
6. Fleet management back-up data files are stored at a location other than the repair facility that generates the data.	1	<input type="button" value="Yes"/> <input type="button" value="No"/>	1
TOTAL POINTS	10	Not Pass	4

Findings

Fleet currently purchases fuel from the private sector. There is not an emergency plan in place to provide fuel. There is not an off site repair facility in place should a catastrophic event take place.

Recommendations

Consider off site repair facilities for vehicle and equipment repairs if Fleet's facilities are rendered unusable. Fleet should establish an emergency fuel contract with Josephine County to provide fuel during a catastrophic event if the private sector fuel sites are disabled. The County should be able to supply fuel for at least 30 days.

The City of Grants Pass should establish a purchase order with a local equipment company to furnish equipment, if needed, during a catastrophic event. The agreement should state Grants Pass is be given priority over private sector companies.

Category 20 - Safety and Environmental Policy
A Score of 9 or Higher is Recommended

PERFORMANCE STATEMENT	VALUE	YES / NO	SCORE
1. Employee safety program is established, and monthly meetings take place that include written minutes of the meeting.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
2. Shop equipment is inspected monthly, and a shop equipment replacement program is in place and strictly adhered to.	2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0
3. Minutes of previous six safety meetings are on file and posted in the shop for all employees to review.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
4. Shop inspections follow a strict physical inspection of all equipment and meet current OSHA standards.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
5. The local fire authority has inspected shops within the past 12 months and all issues have been rectified.	2	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2
6. Complete hazardous waste management program is strictly enforced.	1	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	1
TOTAL POINTS	10	Not Pass	8

Category 20 concerns employee and shop safety. It is important to take an active role regarding safety; subsequently employees know safety is management’s number one priority. It should be evident that management is concerned for their welfare. The shop should have a safety steward to act as a primary contact for employees to report perceived safety concerns. The steward should perform monthly and annual safety audits in the shop to assure the shop is safe. The safety steward should recommend resolutions to the Management Entity on all safety infractions. The shop should receive training on new tools and machinery.

Findings

Fleet's maintenance garage utilizes a safety person to report any perceived safety infractions. This person also attends Citywide safety meetings and reports back to the shop personnel any changes to City safety policies and procedures.

Recommendations

FCS recommends the following practices to all clients. The shop should be clean and organized like a typical dealership. Look for tripping and slipping hazards. Inspect labeling on open drums of fluids, and ensure they are stored in contained areas. Fire extinguishers should be charged, inspected, and hanging on the wall. Assure there is adequate access to the fire extinguishers and they are clearly marked per the local building codes. Shop machinery should be inspected for safety guards and proper electrical connections. Exit doors should be clearly marked, unlocked, and unobstructed. FCS recommends the use of approved jack stands that are appropriately rated for the vehicle they are supporting.

Fleet should create a safety policy that outlines what should be completed in each shop. The shop should have a checklist of items to inspect on a monthly basis for compliance to internal safety policies. The shop should create and follow a shop equipment replacement program. The implementation plan for Category 20 contains items common to repair facilities and a draft policy manual that can be edited.

The U.S. Environmental Protection Agency (EPA) website offers a guidebook to begin an inspection list with items that require environmental compliance. It is entitled *Consolidated*

Screening Checklist for Automotive Repair Facilities Guidebook. The guidebook offers a two-page checklist of items to review for EPA compliance as well as explanations on each question and the preferred compliance method. In addition, the guidebook offers contact information for other agencies and sources that can be helpful for guidance on completing a checklist. Explore the EPA website for other information that pertains to the automotive industry.

The EPA guidebook can be obtained at:

<http://www.epa.gov/compliance/resources/publications/assistance/sectors/autoguide1297.pdf>

Another contact is CCAR-GreenLink® Assistance Center, which is a partnership between the EPA and the Coordinating Committee for Automotive Repair (CCAR).² Their Internet address is <http://www.ccar-greenlink.org/>

CCAR's website offers information on the EPA checklist, current news affecting the industry, links to each state and its environmental contacts, links to other websites related to the automotive industry, and a virtual repair shop to explore for environmental concerns.

² EPA Consolidated Screening Checklist for Automotive Repair Facilities Guidebook, October 2003; piii.

Summary of Recommendations

Below are report recommendations to be considered for immediate attention by the City of Grants Pass. Please note the list is not inclusive of all recommendations; but a prioritized list of the more critical items.

We consider these items as stepping stones for the recommendations in our report. As an example, creating the UMC is the first step to defining utilization criteria. This will lead to expanding the pool, and reviewing vehicles funded and on hold in the Equipment Replacement fund. FCS found many underutilized vehicles, and this will start fleet downsizing which will save money in maintenance, fuel and replacement.

Priority	Recommendation
1	Create Utilization Management Committee and establish utilization by class
2	Implement Preventive and Predictive Maintenance
3	Mechanics start tracking indirect hours
4	Increase the amount of direct labor charged to work orders
5	Report writer training
6	New facility project
7	Create pool locations
8	Have diagnostic software updated
9	Develop a standard of communication with customers regarding repair status, PM scheduling, and new equipment delivery
10	Policies and Procedures Manual; finish manual, have City Manager's office approve
11	Create a policy that states old vehicles and equipment must be turned into Fleet prior to new vehicles and equipment being issued
12	Create Charge Back billing, labor rates, parts, and fuel markups
13	Institute Performance Measures for Fleet
14	Create Performance Contracts with each customer
15	Refine vehicle and equipment Needs Assessment form(s)
16	Revise current replacement policy

Appendix A – Additional Facility Pictures

PULVER & LEEVER
REAL ESTATE COMPANY
COMMERCIAL

Property information

Weston Property
412 Redwood Hwy
Grants Pass, Oregon



Approx. 9,880sqft commercial building on approx 3.2 acres

Price & Terms: \$2,200,000.00 Cash

Taxes: \$14,077.31 (2011-2012)

County Assessor's Market Value: \$1,434,290.00
(Tax Lot 2400, and 2500 County Assessor's Map 36-05-19DB)

Zoning: G-C (General Commercial)

Note: High exposure multi-purpose commercial building. Corner property suitable for variety of uses. Building completely renovated in 2007. Building has an additional approx. 6,828 sqft of covered area.

Marketing Agent: **William L. Leever**
billleever@pulverandleever.com

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors, omissions, prior sale, lease, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals. Owner reserves the right to approve tenant/purchaser and proposed use.

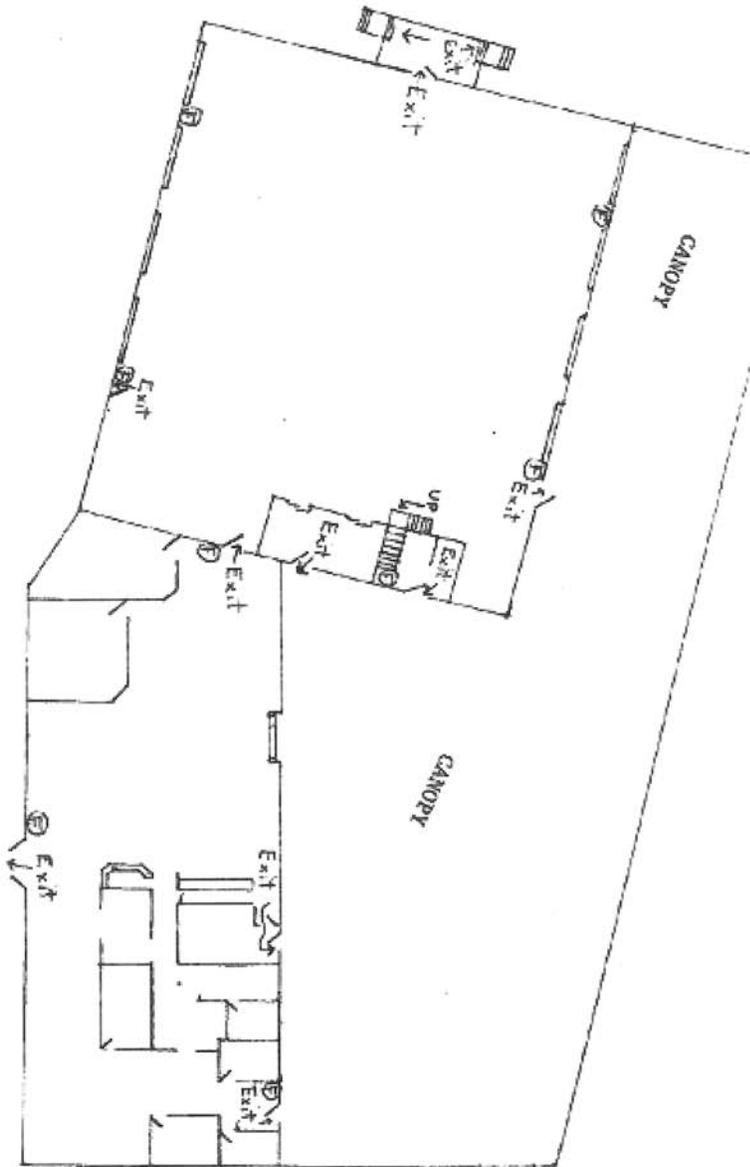


Individual Member

www.pulverandleever.com

1060 Crater Lake Ave., Suite C ■ Medford, OR 97504 ■ (541) 773-5391 ■ FAX (541) 773-5399

Redwood Hwy



Tussey Lane



Josephine County



Appendix B – Employee Surveys

Shop Mechanic's Survey Results
Responses by Question

Item	Survey Question	Number of Responses	Yes/No
1.	Do you have the appropriate tools and diagnostic equipment to evaluate and repair vehicles and equipment in your shop?	2	Yes/No
2.	Do you receive the proper training for the type of maintenance you are performing?	2	Yes/No
3.	Would ASE/EVT certifications benefit your job?	2	Yes
4.	Is there an appropriate number of mechanics assigned to this shop?	2	Yes
5.	Are the vehicles and equipment specifications providing the correct vehicle and equipment for their job function?	2	Yes
6.	Would standardization of vehicles and equipment assist you in performing your maintenance duties?	2	Yes
7.	Do you feel you have a safe work environment?	2	Yes
8.	Do you feel you can communicate problems, ideas, and suggestions and they are heard?	2	Yes
9.	The majority of the parts stocked are adequate for the maintenance performed?	2	Yes
10.	Do you have good communications with your internal customers?	2	Yes
11.	Does your fleet computer system provide the information you need to perform your job function?	2	Yes
12.	Do you use the fleet computer system to review previous repairs and preventive maintenance?	2	Yes

Appendix C – Utilization Listing

<i>Dept</i>	<i>Equip No</i>	<i>Year Make Model</i>	<i>Action</i>
Building & Safety	11A7-2	2011 Ford Escape-Hybrid	CH Pool
Building & Safety	11A7-1	2011 Ford Escape-Hybrid	Monitor
Engineering	11A7-3	2011 Ford Escape-Hybrid	CH Pool
Engineering	02V7-1	2002 Chevrolet 1/2 T Cargo Van	Exempt
Engineering	07U7-2	2007 Chevrolet Colorado	Monitor
Engineering	07U7-1	2007 Chevrolet Colorado	CH Pool
Fire	89T2-2	1989 Simon Ladder Truck	Exempt
Fire	00P2-1	2000 Ford F350 Brush Truck 9900 GVW	Exempt
Fire	06IC2-1	2006 Winnebago Command Unit	Exempt
Fire	97P2-1*	1997 Freightliner Pumper	Exempt
Jo Gro	03G6-1	2003 Smoracy Beast Recycler	Exempt
Jo Gro	00G6-2	2000 Power Screen Screen 615	Exempt
Jo Gro	05L6-1	2005 CAT Loader 930G	Exempt
Motor Pool	02A8-1	2002 Toyota Prius-Hybrid	CH Pool
Parks	04M5-1	2004 Toro Groundmaster 328D	Monitor
Parks	96M5-2*	1996 Toro Groundmaster 300	M Pool
Parks	04U5-2	2004 Chevrolet Silverado	M Pool
Parks	91U5-1*	1991 Dodge RAM	Sell
Parks	97D5-1	1997 Ford F350	M Pool
Parks	97T5-1	1997 John Deere Tractor	M Pool
Parks	07T5-1	2007 John Deere Tractor	Monitor
Police	09A1-6	2009 Toyota Prius-Hybrid	Rotate with 09A1-5
Police	83TK1-1*	1983 GMC 7000	Exempt
Property Management	09A5-1	2009 Toyota Prius-Hybrid	Monitor
Property Management	90U4-1*	1990 Dodge RAM 2500	Sell
Property Management	10T5-1	2010 Bobcat CT230	M Pool
Sewer Capital	98U6-1	1998 Nissan Frontier	M Pool
Sewer Collection	07U6-1	2007 Chevrolet Silverado	Monitor
Sewer Collection	89D6-1	1989 GMC 1 Ton Dump Truck	M Pool
Sewer Collection	10TV6-1	2010 Ford E-450 SD	Exempt
Sewer Collection	87H6-1*	1987 GMC 7000	Sell
Street	02B4-1	2002 Case 580SM Backhoe/Loader	M Pool
Street	94R4-1	1994 Whacker Roller	M Pool
Street	92D4-2	1992 International 10 Yard Dump Truck	M Pool
Street	91U4-2*	1991 Dodge RAM 1500	Sell
Street	03U4-1	2003 Ford F250	M Pool
Street	95U4-4*	1995 GMC Sonoma	M Pool
Street	74L4-2	1974 CAT Loader	Monitor
Street	97D4-1	1997 Chevrolet 3500	M Pool
Street	94D4-1	1994 Ford F700	M Pool

<i>Dept</i>	<i>Equip No</i>	<i>Year Make Model</i>	<i>Action</i>
Traffic Control	05MC1-1*	2005 BMW F650	M Pool
Water Distribution	96U3-1*	1996 Ford Ranger	Sell
Water Distribution	06U3-2	2006 Chevrolet Silverado	Monitor
Water Distribution	95U3-1*	1995 Chevrolet Silverado	Sell
Water Distribution	98D3-1	1998 GMC 5-Yard Dump Truck	M Pool
Water Treatment	09A3-1	2009 Ford Escape-Hybrid	M Pool
Water Treatment-Maint	96U3-2*	1996 Ford Ranger	Sell

LEGEND

Blue - Underutilized Equipment

Yellow - Monitor due to marginal use

Green - Monitor during seasonal operation to determine utilization

Red - Sell at auction

Appendix D – Fleet Rates and Markups Based on 2013 Approved Budget

Act/Elem/ Obj	Line Item Object	FY'12 REVISED BUDGET	FY'13 APPROV ED	2013 Shop	2013 Parts	2013 Fuel	2013 Revised Shop	<i>Adjusted Budget For Rates/Markups</i>		<i>Labor</i>
633.33-09	INTERNET SERVICE	0	695	695	24	7	664		2013 Revised Shop Budget	825,263
634.32-85	VEHICLE WASHES	3,500	3,900	3,900	0	0	3,900		Petroleum Products	-240,000
634.34-02	EQUIPMENT MAINT.	20,000	35,000	35,000	0	0	35,000		Gasoline-Credit Card	-4,000
634.34-24	VEHICLE ACCIDENT DAMAGE	10,000	10,000	10,000	0	0	10,000		Tires & Tubes	-40,000
640.43-02	SQUARE FOOTAGE CHARGES	13,500	13,500	13,500	473	135	12,893		Other Operating Supplies	-10,000
650.54-05	COMPUTERS	0	0	0	0	0	0		Equipment Parts	-97,000
650.54-09	MISCELLANEOUS	0	0	0	0	0	0		General Liability	-19,593
650.54-16	PERIPHERAL EQUIPMENT	15,000	10,000	10,000	350	100	9,550		Taxes, Assmts, & Claims	-254
670.71-01	ADMINISTRATION CHARGES	62,880	61,315	61,315	2,146	613	58,556		Vehicle Washes	-3,900
670.71-02	IT CHARGES	15,720	15,329	15,329	537	153	14,639		Equipment Maint	-35,000
	Total Expenditures	864,638	850,213	850,213	17,716	7,234	825,263		Vehicle Accident Damage	-10,000
791.69-01	GENERAL CONTINGENCIES	157,492	137,196	137,196			137,196		Adjusted Budget	365,516
792.92-04	FUTURE REQUIREMENTS	0	0	0			0			
	<i>Total W/ Contingency/Ending Balance</i>	<i>1,022,130</i>	<i>987,409</i>	<i>987,409</i>			<i>987,409</i>			

Appendix E – Customer Surveys

Customer Survey Results for Fleet
Number of Responses and Point Average by Question

Item	Survey Question	Number of Responses	Point Average
1.	Rate the ease of scheduling repair or preventive maintenance service.	8	8.7
2.	Rate your perception of parts availability.	6	8.7
3.	Rate your perception of employee knowledge of their job function.	8	9.0
4.	Rate the quality of repairs.	8	8.7
5.	Rate the vehicle and equipment specification process and how the unit performs in its job function.	8	9.7
6.	Rate your vehicle and equipment replacement cycles.	8	9.1
7.	Rate the communication regarding vehicle defects, estimated downtime, vehicle repair status, and notification upon repair completion.	8	8.7
8.	Rate your regular communication with fleet administration regarding problems, suggestions, and policy.	8	6.1
9.	Rate the data in the fleet computer system, billing accuracy and reporting capabilities.	5	6.2
10.	Rate Fleet's overall repair experience compared to outside vendors.	8	8.6
11.	Rate your perception of the number of staff, shop and warehouse personnel needed to support the fleet operation.	8	7.4
12.	Rate your perception of areas that need improvement such as facility size and condition, tools, diagnostic equipment, etc.	8	7.0

Appendix F – Sample Customer Service Agreement

FLEET MANAGEMENT PROGRAM DESCRIPTION

This inter-service agreement details responsibilities of all parties involved in the provision of vehicle services. The Fleet Department performs these services for all departments on a breakeven basis. Charges are based on actual costs of operation, and details of these charges are available to all customers.

DEFINITION OF FLEET MAINTENANCE SERVICES

The Fleet Department is committed to providing a full range of fleet management services. Fleet is committed to serving departmental needs and will stay abreast of new technologies and procedures related to fleet management.

Fleet management services available to customer departments include:

1. Maintenance, Repair, and Safety Services
 - a. Preventive Maintenance Services at regular intervals, as determined for various class codes of vehicles and equipment, to ensure safe dependable service.
 - b. Mandated safety and emissions checks as required.
 - c. All unscheduled repairs.
 - d. Coordination of accident damage estimate and repair.
 - e. Contract maintenance services managed by Fleet.
 - f. Towing services using approved towing contractor.
 - g. Washing of vehicles.
 - h. Insuring vehicles and equipment as required.
2. Fueling Services
 - a. Issuance and administration of commercial credit cards for fueling.
3. Replacement, Acquisition, and Disposal Services
 - a. Management of vehicle replacement program.
 - b. Development of specifications and acquisition of new vehicles.
 - c. Management of vehicle numbering, license processing and computerized database management.
 - d. Management of Motor Pool.
4. Financial and Information Services
 - a. Monthly billing report.
 - b. Quarterly utilization report.
 - c. Monthly extraordinary charges summary.
5. Charges for Extraordinary Services
 - a. Replacement of lost or stolen commercial credit cards.
 - b. Undocumented commercial fuel credit cards.
 - c. Special modifications to equipment as requested and approved by customer departments.
 - d. Replacement of lost or stolen keys.
 - e. Additional ad hoc reports.

FLEET FACILITIES

The Fleet Department operates the following facilities: *(list facilities, locations, and services provided)*

HOURS OF OPERATION AND KEY PHONE NUMBERS

Hours of operation are as follows:

Administration:

(State working hours)

Shops:

(State hours of operation)

Holidays:

(List holidays that operations will be closed)

Other Necessary Response:

In addition, flexible schedules for maintenance personnel are maintained in order to meet other priority needs of the customer departments. Emergency response situations can be met on an immediate basis within annual budgetary allocations.

Procedures are outlined in Fleet's Policy manual describing how special service demands are met after business hours or on weekends, including the availability of towing services.

Phone numbers for specific services are as follows:

Phone numbers *(List all service related numbers)*

Additional numbers

Risk Management *(for all Accidents)* XXX-XXXX

Towing Vendor *(for after hours towing)* XXX-XXXX

Billing Information XXX-XXXX

SERVICES SPECIFICALLY NOT INCLUDED

Normally, the level and extent of service are specifically listed by type and class code of vehicle. Thus, services provided are detailed by each class code of vehicle. Where certain specialized services are not provided for the class code of vehicle, they will be coordinated through Fleet on a direct charge basis. Some specialized services, such as two way radio maintenance and repair, are available from other internal departments. Whenever possible, these specialized services should be coordinated directly with the service provider.

LEVEL AND QUALITY OF SERVICE

1. Preventive Maintenance, Clean Air Inspections, and Safety Checks.

Preventive maintenance, clean air inspections and safety checks have set schedules, based on the unique requirements of their individual class code.

Notification for required services will be sent to customer departments no less than three weeks prior to their being due. Safety checks requested by departments for reasons other than the normal schedule will generally be performed on demand.

2. Non Scheduled or Repair Services

A representative from the customer department will notify the Fleet Supervisor of work to be performed. The Fleet Supervisor will determine the nature of repairs and schedule them into the shop on a priority basis. Mechanics will communicate regularly with the Fleet Supervisor,

who will in turn keep customer department staff informed of the status of repairs and the expected date of the vehicle's return to service. When a customer has multiple units down for repair, repairs can be prioritized based on the departments need.

3. Time Promised

The turnaround time for preventive maintenance servicing, clean air inspections and safety checks is one day or less. However, during these inspections the PM Service Mechanic often reports items being deficient which are then repaired or scheduled to be repaired as schedules permit. These additional repairs will be reported to the customer department by the Fleet Supervisor and an estimated time of returning to service will be given.

When the repair involves the securing of parts not stocked by either Fleet or by private parts vendors, the downtime can be several days. In any case, the Fleet Supervisor will communicate any delays to the customer department. If possible, a motor pool vehicle will be provided to the customer for periods of extended downtime.

4. Quality of Service

Quality of service for the above services is measured by feedback we receive from the customer departments and comeback reports from our computerized fleet management system. The Fleet Department will continually survey our customers to ascertain in greater detail where the subjective quality of service performance lies and can be improved.

5. Cleanliness

The customer departments will be responsible for the cleanliness and general appearance of their assigned vehicles and equipment. Contracts have been put in place with local establishments for the convenience of the customer departments. Personnel using these facilities must follow billing procedures in place to ensure accurate charges.

CHARGES FOR SERVICES AND BILLING

The Fleet Department provides billing services in two ways:

1. The assigned rate for motor pool vehicles.
2. A direct charge for services. These direct charges will be billed monthly to all customer departments for services performed.

A special class code has been devised to bill departments the direct costs that are not billed to a specific vehicle. These bills are generated the same way a vehicle is billed. Each department is given a specific billing code for this method of charging.

All assigned motor pool rates and direct charges are based on the assumption that the Fleet Department will conduct break-even operations and that all assigned vehicles and equipment will be replaced according to the financial life schedule as approved annually by the governing authority.

Motor Pool Rental Rate

A daily, weekly and monthly rate is assigned to all motor pool vehicles. These rates will be updated annually. These vehicles will be available for times when a permanently assigned vehicle is not required.

Leased vehicles that are in the shop for PM, clean air inspection, or repair may utilize a replacement motor pool vehicle during this time. There is no base daily rate for these vehicles since the monthly base rate billing continues for their existing vehicle even while it is in the shop. However, the customer pays

the cost for fuel for a loaner vehicle. Since the loaner is normally the same type of existing vehicle, the net cost effect is zero to the customer.

Direct Charge Billing

Billing is created monthly using the Fleet Department fleet management system. Bills are calculated and sent to the Accounting Section for checking and distribution of the correct accounts. Billing reports are also distributed to departments during the month following the billing month.

Service Warranty

All services provided by the Fleet Department shall be performed at a level equal to prevailing industry standards. Work that is not completed to the satisfaction of the customer will be redone with no additional cost.

ASSET REPLACEMENT

Replacement Policy

All assigned vehicles acquired and maintained by the Fleet Department are targeted for replacement according to a useful life replacement policy guideline developed by Fleet. The guideline is based on the actual experience of the fleet and is used as a basis for developing financial policy and planning departmental transportation requirements. The schedule uses time and/or mileage guidelines and targets replacement funding needed for the annual budget.

Fleet will dispose of a vehicle any time a vehicle cannot be maintained as a safe vehicle or if it is economical to replace it. As vehicles reach target miles or time for replacement, they receive a technical evaluation. If the evaluation proves the vehicle would be economical to retain for an additional year, the vehicle is retained. In some situations, it may be reassigned for the remainder of its life. It may then be retained in a needed capacity until a major repair occurs or until the transportation need can be satisfied in another manner. Some vehicles do not complete their useful life while others exceed it. Overall, these situations tend to balance out within a vehicle class code and the class code remains financially viable over the long term.

Vehicle Replacement Criteria

The criteria used in the management of the Fleet replacement program is specific to each class code of vehicle and equipment and is stated as follows:

(State Fleet policy on replacement.)

Replacement of Fixed Add-on Equipment

Targeted useful and financial life guidelines are used for replacement of fixed add-on equipment. Funding for this equipment will generally be contained in the depreciation billing.

Acquisition of New Replacement Vehicles and Equipment

Whenever possible, vehicles are purchased through the competitive bid process as more vehicles can be acquired at lower prices. Since it is the goal of Fleet to also purchase the right vehicle, bid recommendations are reviewed for applicability to fleet users due to receive new vehicle replacements. Each January the bid is assessed and orders are placed for the anticipated replacements identified in the replacement program.

The Fleet Department should review all vehicles to be purchased, primarily evaluating their suitability and appropriateness for the intended job and their compatibility with the rest of the fleet, and balance those factors with the cost.

Before the order is placed, however, discussions take place with the using department to determine any new vehicle requirements, such as anticipated driving conditions, carrying capacity, storage needs, fuel economy, and special equipment. It is Fleets goal to select the proper vehicle for the job, balancing purchase price, fuel economy, operation and maintenance requirements and the efficiencies resultant from developing a standardized fleet.

Once the replacement cycle is completed, the old vehicle is declared surplus and sold at auction or is disposed of by another method.

Purchase of Additional Vehicles and Equipment

A standard form must accompany all requests to the Fleet Department for vehicles and equipment that would increase the current size of the fleet. This form would indicate the Department Head, the Finance Department, and the Budget Director have approved the addition. It will include the approved dollar amount for the purchase and the estimated annual utilization. When all approvals have been documented, Fleet will work with the requesting department in the development of specifications.

ADMINISTRATION

Departmental Coordinators

Each department should assign a coordinator or contact person for the fleet. These coordinators will provide all directional decisions with regard to management of the fleet and will be the main point of contact for the Fleet Department. They may choose to delegate other duties such as requests for smog inspections, service reminders, arrival of new vehicles, damage report requests (accident reports) and communicating parts and repair delays from Fleet Department.

The Fleet Department contact will be the Management Entity for new vehicle programs, disposal of surplus vehicles, and all policy matters. The Fleet Supervisor will back up the Management Entity and manage the day-to-day servicing of the fleet.

Change Orders

The person requesting any changes to this Inter-services agreement should develop a request for change order memo. The change order should detail the requested change, the reason for the change, and its financial impact.

All change orders are subject to approval by the Fleet Management Entity.

Problem Resolution and Dispute Process

If a disagreement or issue should arise concerning the terms of this agreement, the parties agree that resolution be resolved at the department level with the Fleet Department. If the appropriate department representative and the Fleet Management Entity are unable to resolve the issue within 30 days, they will be referred to the next higher level of authority for resolution.

Assignment and Delegation

Neither party shall assign, sublet, or transfer any interest in or duty under this agreement without the written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented in writing.

Term

This agreement shall become effective upon signature by an approved Department Manager or Director and will remain in effect until terminated by either party pursuant to the provisions of this agreement.

Merger

This writing is intended both as the final expression of the agreement between the parties hereto with respect to the included terms, and as a complete and conclusive statement of the terms of the agreement. No modification of this agreement shall be effective unless and until such modification is evidenced in writing signed by both parties.

CUSTOMER DEPARTMENT RESPONSIBILITIES

Meter Readings

The Department shall discuss with their staff and enforce accurate meter readings on fuel transactions and Fleet work orders to track warranty, replacement, preventive maintenance scheduling, and utilization.

Vehicle Malfunction Reporting

The Department shall report vehicle malfunctions and other needed repairs to the Fleet Department as soon as practical following notice of such condition.

Payment Processing

The Department shall promptly process vouchers for payment for the preceding month's services within five working days of the receipt of charges.

Operator Training

The Department shall review departmental programs for operator training so that Fleet may contribute their expertise and suggestions for developing operator training programs for employees of the department.

Vehicle Damage and Abuse

The Department shall take appropriate steps to minimize damage and abuse of vehicles and equipment. The Department shall report all actions taken on the reporting of damage or abuse of vehicles, such as placing the course of action in the employee's file and sending a copy to the Fleet Department. Abuse also includes noncompliance with Preventive Maintenance Schedules.

Fleet will meet with the department to discuss increased maintenance and suggest methods to reduce those costs.

Compliance with PM Scheduling

The customer departments shall comply with all Preventive Maintenance (PM) scheduling requests of the Fleet Department. Vehicles will be delivered in a timely manner so that service schedules can be kept.

Charges for Services to Non-Leased Units

Service	Rate
Automotive labor	\$XX.00 per hour
Heavy equipment labor	\$XX.00 per hour
Commercial services (including towing)	Cost plus overhead markup
Car Washes	Cost
Parts and other commodities	Cost plus overhead markup
Fuel purchased at City facilities	Cost plus overhead markup
Commercial fuel purchases	Cost plus overhead markup
Replacement of lost or stolen fuel cards	\$XX.00 per card
Motor pool rental vehicles	\$ at prevailing rates
Lost or stolen keys	\$XX.00 per loss.
Undocumented commercial fuel credit card transactions	Cost plus overhead markup

Appendix G – Needs Assessment Form

**CITY OF GRANTS PASS
TRUCK OR VAN NEEDS ASSESSMENT**

D R A F T

REQUESTER	ROUTING/LOCATION	PHONE NUMBER ()	DATE	DATE NEEDED BY
CUSTODIAN	ROUTING/LOCATION	PHONE NUMBER ()		

PURPOSE

FLEET ADDITION FLEET REPLACEMENT

BASIS OF NEED

New or expanded program Increased workload Health/Safety/Protection To increase production or efficiency
 City Loan Pool/Commercial Rental (Not Available) New or Revised Technology Required by statute or regulation (Cite clause)

FLEET REPLACEMENT INFORMATION

City No.	Vehicle License No.	Year and Age	Miles	Engine Hours	PTO Hours

TYPE OF EQUIPMENT

MAKE/MODEL/SOURCE (Suggested)	CATALOG ID NUMBER	QUANTITY	ESTIMATED TOTAL COST

JOB FUNCTION

PROJECTED ANNUAL UTILIZATION:	MILES	ENGINE HOURS	PTO HOURS

FUNCTIONS PERFORMED AND PERCENTAGE OF TIME (Check all that apply)

Paved roads % _____ Gravel roads % _____ Dirt roads % _____

Wet roads % _____ Mud roads % _____ Snow/ice % _____

Flat roads % _____ Mountain roads % _____ Maximum grade % _____ Maximum Event Feet or Miles _____

Towing % _____ What is towed by vehicle _____

Hauling % _____ What is hauled on vehicle _____

Number of personnel including driver _____ Open body Closed body

CARGO DESCRIPTION

One item Several items What comprises a full load _____

Loose Boxed Tools Crated On pallets Maximum weight _____ Maximum size _____

CITY OF GRANTS PASS
TRUCK OR VAN NEEDS ASSESSMENT
D R A F T

CARGO LOADING/UNLOADING REQUIREMENTS (Check all that apply)

By hand By dolly By forklift By overhead crane

Must forklift enter vehicle to load cargo? Yes No Must forks have access to bed of vehicle? Yes No

Must cargo be tied down? Yes No Stored on shelves/bins/drawers? Yes No Stacked? Yes No

What is total weight and size of average payload? _____ Maximum payload? _____

Full load both ways? Yes No Partial load both ways? Yes No

TOWING DESCRIPTION (Provide existing License numbers for all trailers and equipment; including their weight)

Trailer No. _____	Weight _____	Equipment No. _____	Weight _____
Trailer No. _____	Weight _____	Equipment No. _____	Weight _____

MOUNTED AUXILLARY EQUIPMENT

Crane Lifting capacity _____ Maximum extension _____ Cycles per day _____

Derrick Sheave height _____ Capacity _____ Digging reach _____
 Auger diameter _____

Bucket Sheave height _____ Single _____ Double _____
 Jib _____ Capacity _____

Boom Sheave height _____ Working height _____ Capacity _____
 Bucket style _____ Material handling _____

Winch Capacity _____

Other _____

CITY OF GRANTS PASS
TRUCK OR VAN NEEDS ASSESSMENT

D R A F T

REQUESTER COMMENTS

Large empty rectangular area for requester comments.

APPROVED BY

FLEET MANAGER

REQUESTER (Print/Type Name and Signature) | Date

FLEET MANAGER | Date

SUPERVISOR/MANAGER (Print/Type Name and Signature) | Date

COMMITTEE REPRESENTATIVE | Date

FLEET MANAGER NOTES:

Two horizontal lines for fleet manager notes.

Appendix H - Equipment Replacement Fund Audit Exceptions

Unit	Description	Fund Balance / May 2012	FCS Comments/Questions	Grants Pass Response	FCS Followup Question	Grants Pass Followup Response
00V7-1	CD-00 NISSAN COMPACT TRCK	10,620.77	Fleet shows unit replaced, what happens to fund balance.	this unit came from PS, traded for 97U7-1, money stayed with Department	The \$10,620.77 belongs to PS?	The balance belongs to Engineering/Community Development.
00U7-1	CD-00 NISSAN FRONTIER	9,472.48	Fleet shows unit replaced and belonging to Fire.	unit has not been replaced, on loan to Fire		
02V7-1	CD-02 CHEVY 1/2T CARGOVAN	17,802.40	Fleet does not show unit as replaced.	Vehicle is in good shape, low miles, engineering opted to pay off balance to reduce their overall fleet bill, money remains in fleet for eventual replacement		
11A7-1	CD-11 FORD HYBRID ESCAPE	30,273.31	Fleet does not show unit as replaced.	Unit was bought with CMAQ money (no cost to City) the fund balance was transferred from vehicle it replaced	What is the vehicle ID for the unit that was replaced?	Accured money from 3 vehicles was used for depreciation on these 2 new hybrids.
11A7-2	CD-11 FORD HYBRID ESCAPE	30,273.31	Fleet does not show unit as replaced.	Unit was bought with CMAQ money (no cost to City) the fund balance was transferred from vehicle it replaced	What is the vehicle ID for the unit that was replaced?	Accured money from 3 vehicles was used for depreciation on these 2 new hybrids.
01L6-1	JoGro 01 Case Loader		No funding for replacement, what happens next.	error: does have a replacement fund, bal of \$59,159 as of May 30, 2012-See 00L6-1		
01A8-1	Motor Pool 01 Toyota Camry		No funding for replacement, what happens next.	vehicel was purchased with 812 funds for 15K, we have 3 new hybrids in MP purchased with cmaq money. If new vehicles need to be pruchased will come from LB capital project	What is LB capital project?	Lands & Buildings projects which is for major capital equipment replacement and major capital plans.
02A8-1	Motor Pool 02 Toyota Prius		No funding for replacement; next step?	When veh needs replaced will need to come from capital money		
09A8-1	Motor Pool 09 Toyota Camry Hybrid		No funding for replacement; next step?	was purchased with cmaq money, will need to be replaced with capital funds		
09A8-2	Motor Pool 09 Toyota Camry Hybrid		No funding for replacement; next step?	was purchased with cmaq money, will need to be replaced with capital funds		
09A8-3	Motor Pool 09 Toyota Prius Hybrid		No funding for replacement; next step?	was purchased with cmaq money, will need to be replaced with capital funds		
12TR5-1	Parks 12 Customer Built 10K Lbs		No funding for replacement; next step?	this is a trailer, price was added to mower it is dedicated to moving		
01M5-1	PCS-01 TORO 455D LAWNRCT	0.00	Not an active fleet unit	this mower was replaced and donated to schools		

Unit	Description	Fund Balance / May 2012	FCS Comments/Questions	Grants Pass Response	FCS Followup Question	Grants Pass Followup Response
04M5-1	PCS-04 TORO GROUND MST 328D	0.00	No funding for replacement; next step?	has been replaced,		
05GC5-1	PCS-05 CLUB CAR ELEC CART	3,869.03	Fleet does not show unit as replaced.	This was purchased in 2010. It is a refurbished 2005 unit. Unit was bought with CMAQ money (no cost to City) the purchase price was transferred from 98 Kawasaki mules	Why is their a fund balance for the mules?	Parks collected more for replacement of 1998 Kawasaki mules than refurbished golf carts cost. The golf carts replaced the 98 Kawasaki mules. The remaining balance for 98 mules is difference between golf carts and mules.
05GC5-2	PCS-05 CLUB CAR ELEC CART	3,869.03	Fleet does not show unit as replaced.	This was purchased in 2010. It is a refurbished 2005 unit. Unit was bought with CMAQ money (no cost to City) the purchase price was transferred from 98 Kawasaki mules	Why is their a fund balance for the mules?	Parks collected more for replacement of 1998 Kawasaki mules than refurbished golf carts cost. The golf carts replaced the 98 Kawasaki mules. The remaining balance for 98 mules is difference between golf carts and mules.
11M5-1	PCS-11 TORO GRNDMSTR 5900	(17,126.19)	Why negative amt?	Money was borrowed from fund to purchase equipment		
12U5-1	PCS-12 CHEVY HYBRID 1/2T	16,078.04	Why high amount in fund if vehicle is new?	veh replaced w/ cmaq, money transferred to new vehicle		
98U5-1	PCS-98 FORD F150 1/2 TON	0.00	Fleet does not show unit as replaced.	Was replaced this year with cmaq truck		
98AM51	PCS-98 KAWASAKI MULE	1,971.03	Fleet shows unit replaced, what happens to fund balance.	Please see response to 05GC5-1		
98AM52	PCS-98 KAWASAKI MULE	1,970.03	Fleet shows unit replaced, what happens to fund balance.	Please see response to 05GC5-1		
98SL51	PCS-98 SKYJACK LIFT	0.00	Fleet shows unit replaced, when is unit number removed.	Has not been replaced, 7/1 replacement fund to start per property management		
07T 31-1	Police 07 T 3 Motion T-3		No funding for replacement; next step?	was purchased out of operating budget, if/when it is replaced will be PS responsibility		
08T 31-2	Police 08 T 3 Motion T-3		No funding for replacement; next step?	was purchased with cmaq money, if/when replaced will be PS responsibility		
09A1-7	Police 09 Dodge Charger LEASED		What happens at the end of the lease?	this vehicle has been returned		

Unit	Description	Fund Balance / May 2012	FCS Comments/Questions	Grants Pass Response	FCS Followup Question	Grants Pass Followup Response
09A1-8	Police 09 Dodge Charger LEASED		What happens at the end of the lease?	this vehicle will be returned shortly		
10A1-4	Police 10 Dodge Charger LEASED		What happens at the end of the lease?	vehicle will be purchased for \$1	If purchased for \$1, then funding on 01A1-2 and 01A1-3 is available for Police to use for something else?	Basically yes.
10A1-5	Police 10 Dodge Charger LEASED		What happens at the end of the lease?	vehicle will be purchased for \$1	If purchased for \$1, then funding on 01A1-2 and 01A1-3 is available for Police to use for something else?	Basically yes.
12TR1-1	Police 12 Forest River BL714TA2		No funding for replacement; next step?	this is a trailer, replacement is PS responsibility		
93V1-1	Police 93 Ford E150		Donated, no funding for replacement; check in service date.	In service date ok, vehicle donated by IGA into service 1/1/11. Vehicle would probably be replaced by a "hand-me-down" based on the use.	On 93V1-1, how much did it cost to place this unit in service. Please include all repairs, decals, etc. Including those costs, what are the life to date repairs? How many miles has it been driven since it was put into service.	\$0 to place in service. \$542 has been spent on LTD maintenance. 945 miles have been logged since the unit went into service.
00P2-1	PS-00 FORD F350 W/SLIP	71,052.09	Why increased fund balance?	Fire is looking to replace with two vehicles		
00P2-2	PS-00 PIERCE TRIPLE PUMPR	25,631.86	Funding not enough for replacement.	Fire does not intend to replace		
01A1-2	PS-01 FORD CROWN VIC	21,802.00	Not an active fleet unit, why is their funding.	These are the two units that when we started leasing it was decided by CM that these funds were to remain available in case leasing did not work out		
01A1-3	PS-01 FORD CROWN VIC	27,987.25	Not an active fleet unit, why is their funding.	These are the two units that when we started leasing it was decided by CM that these funds were to remain available in case leasing did not work out		
07A1-2	PS-07 Chevrolet Impala		No funding for replacement; next step?	has been replaced,		
07A1-1	PS-07 FORD CROWN VIC	0.00	No funding for replacement; next step?	has been replaced,		

Unit	Description	Fund Balance / May 2012	FCS Comments/Questions	Grants Pass Response	FCS Followup Question	Grants Pass Followup Response
09A1-2	PS-09 TOYOTA HIGHLANDER	14,161.85	In Fleet as 09A2-1	started out in Police, moved to Fire 09A2-1 correct number		
12U1-1	PS-12 CHEVY HYBRID 1/2T	(5,962.68)	Why negative amt?	Money was borrowed from fund to purchase equipment		
79P2-1	PS-79 SUPERIOR PUMPER7310	9,672.59	Fleet shows unit replaced, what happens to fund balance.	Remaining fund balance will stay with Fire, a PS question		
89T2-2	PS-89 SIMON LADDER #7328	0.00	No funding for replacement; next step?	this equipment is for sale		
97P2-1	PS-97 PIERCE PUMPER #7307	25,631.86	Fleet shows unit replaced, what happens to fund balance.	Remaining fund balance will stay with Fire, a PS question		
11SW4-1	PW- STREETSWEeper	106,829.43	Not an active fleet unit, why is their funding.	money was accumulated to replace sweeper, was then contracted out.		
00L6-1	PW-00 CASE TRACTOR/LOADER	59,158.76	Not an active fleet unit, why is their funding.	error: is really 01L6-1		
00G6-2	PW-00 INTNL POWER SCR615	147,314.49	Why increased fund balance?	estimate for replacement cost comes from JoGro		
12U3-1	PW-12 CHEVY HYBRID 1/2T	22,798.94	Why high amount in fund if vehicle is new?	veh replaced w/ cmaq, money transferred to new vehicle		
66C4-1	PW-66 LEROY AIR COMPRESSOR	15,379.73	Fleet does not show unit as replaced.	is still in service, I believe it might have blown up yesterday, we will replace it if it cannot be repaired		
98K4-1	PW-96 CRAFCO SUPERHOT MLT	29,600.34	Fleet does not show unit as replaced.	had some major repairs made, decision was made to retain in service, probably will be replaced next couple of years		
96U3-3	PW-96 GMC 1/2TON PICKUP	0.00	Not an active fleet unit, why is their funding.	veh replaced w/ cmaq, money transferred to new vehicle		
98U6-1	PW-98 NISSAN COMPACT TRUCK	14,392.38	Fleet does not show unit as replaced.	this vehicle was traded to Property Management 7/1, balance of money stayed in PW		