



Office of the City Auditor

**Report to the City Council
City of San José**

**AN AUDIT OF THE UTILIZATION
AND REPLACEMENT OF THE
CITY'S TRANSPORT VEHICLES**

**By Reducing Its Significantly Oversized And
Underutilized Transport Vehicle Fleet The
City Can Realize An Economic Benefit Of As
Much As \$1.7 Million In 2004-05 And \$4.2
Million Over The Next 2 To 10 Years**

**Recently Enacted San José Police
Department And San José Fire Department
Vehicle Practices Saved The General Fund
About \$2.4 Million In 2003-04 And Will Save
Almost \$1.1 Million In 2004-05**

**Report 04-04
June 2004**



CITY OF SAN JOSÉ, CALIFORNIA

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City Auditor

June 2, 2004

Honorable Mayor and Members
of the City Council
801 North First Street, Room 600
San Jose, CA 95110

Transmitted herewith is a report on *An Audit of the Utilization and Replacement of the City's Transport Vehicles*. This report is in accordance with City Charter Section 805. An Executive Summary is presented on the blue pages in the front of this report. The City Administration's response is shown on the yellow pages before the appendices.

This report will be presented to the Making Government Work Better Committee at its June 9, 2004, meeting. If you need any additional information, please let me know. The City Auditor's staff members who participated in the preparation of this report are David Moreno, Jorge Oseguera, and Lynda Flores Brouchoud.

Respectfully submitted,

Gerald A. Silva
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Table of Contents

Executive Summary	i
Introduction	1
Background	1
Audit Objective, Scope, And Methodology	2
Finding I	
By Reducing Its Significantly Oversized And Underutilized Transport Vehicle Fleet The City Can Realize An Economic Benefit Of As Much As \$1.7 Million In 2004-05 And \$4.2 Million Over The Next 2 To 10 Years.....	5
City Policy Manual Section 142	6
Vehicles Removed From Analysis Due To Specialized Use.....	7
City Employees Are Driving 88 Percent Of The Transport Vehicles Less Than 9,000 Miles Per Year	7
Exceptions To The Policy’s 9,000-Mile Standard Are Unclear	9
The FMD Does Not Currently Have The Authority To Actively Manage The City’s Transport Vehicle Fleet.....	10
City Employees Are Driving City Transport Vehicles Over 170,000 Miles Per Year To Commute From Remote Parking Locations To Their Assigned Work Areas	11
City Employees Parked City Transport Vehicles In Unauthorized Remote Locations	15
City Departments And The Administration Need To Better Manage The Use Of Take-Home Vehicles And Mileage Reimbursement.....	18
Our Break-Even Analysis For City-Owned Sedans And Light Trucks 1) Essentially Validated The 9,000 Mile A Year Criteria That Is In City Policy Manual Section 142 And 2) Showed That It Is Cost Beneficial For The City To Assign Light Trucks To Those Employees Who Drive At Least 11,000 Miles Per Year	20
By Removing Underutilized Transport Vehicles The City Can Realize An Economic Benefit Of As Much As \$5.9 Million	24
CONCLUSION	28
RECOMMENDATIONS	28

Finding II	
Recently Enacted San José Police Department And San José Fire Department Vehicle Practices Saved The General Fund About \$2.4 Million In 2003-04 And Will Save Almost \$1.1 Million In 2004-05.....	31
Recently Enacted Marked Patrol Sedan Practices Saved The General Fund About \$1 Million In 2003-04	31
Vehicle Rotation Reduces Replacement Costs By Balancing Higher And Lower Usage	32
Realignment Of The Replacement Cycles For Unmarked Police Vehicles And Patrol Motorcycles Will Save The General Fund Almost \$1.4 Million In 2003-04 And Over \$800,000 In 2004-05	33
CONCLUSION	36
RECOMMENDATIONS	36
Administration’s Response.....	37
Appendix A	
Definition Of Priority 1, 2, And 3 Audit Recommendations.....	A-1
Appendix B	
City Of San José – Administrative Manual	B-1

Table of Exhibits

Exhibit 1	
Summary Of City Auditor-Analyzed Sedans And Light Trucks By Department.....	2
Exhibit 2	
Miles Per Year City Employees Drive 332 Transport Vehicles	8
Exhibit 3	
Number Of Transport Vehicles City Employees Are Driving Less Than 9,000 Miles Per Year By Department.....	9
Exhibit 4	
Remote Locations Where City Employees Park Their Transport Vehicles And Their Distance From City Hall.....	12
Exhibit 5	
City Vehicles Parked In The Evening At A Light Rail Station	13
Exhibit 6	
Example Of Unauthorized Use Of Remote Parking Locations	16
Exhibit 7	
Break-Even Analysis Between The City’s Cost To Own Sedans Versus The Cost To Provide Mileage Reimbursement	21
Exhibit 8	
Break-Even Analysis Between The City’s Cost To Own Light Trucks Versus The Cost To Provide Mileage Reimbursement.....	22
Exhibit 9	
Comparison Of Annual Life Cycle Costs For Underutilized Transport Vehicles To Mileage Reimbursement.....	25
Exhibit 10	
Summary Of Auditor-Estimated Potential Economic Benefit Produced By Removing Sedans And Light Trucks That Employees Drive Less Than 9,000 Miles And 11,000 Miles Per Year Respectively	26
Exhibit 11	
Estimated Cost Savings Associated With Realigning The SJPD’s Unmarked Vehicle And Patrol Motorcycle Replacement Cycles.....	35

Executive Summary

In accordance with the City Auditor's 2003-04 Audit Workplan, we have audited the utilization of the transport vehicle fleet of the City of San José (City). We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

Finding I By Reducing Its Significantly Oversized And Underutilized Transport Vehicle Fleet The City Can Realize An Economic Benefit Of As Much As \$1.7 Million In 2004-05 And \$4.2 Million Over The Next 2 To 10 Years

City Policy Manual Section 142 establishes the policy and procedures for use of City or privately-owned vehicles to perform City business. City Policy Manual Section 142.5 establishes the "Standards for Assignment" and states that employees who require a vehicle for the greater part of a workday will receive either mileage reimbursement or be assigned a City-owned vehicle. Section 142.5 also includes a 9,000 mile per year criteria for assigning eight-hour sedans to City employees. We identified 332 non-emergency sedans and light trucks in the City's vehicle inventory that City employees use for transport purposes. We found that City employees are driving 88 percent of these 332 vehicles less than the 9,000 mile criteria in Section 142.5. In addition, City Policy Manual Section 142.5 includes other use of City vehicle criteria besides mileage, such as special purpose vehicles or when an employee using a City vehicle is in the best interest of the City. However, we found that these criteria are not well defined and City departments have not documented that they met these criteria when they authorized employees to use City vehicles. In addition, the FMD does not currently have the authority to actively manage the City's transport vehicle fleet.

We also found that:

- City employees are driving City transport vehicles over 170,000 miles per year to commute from remote parking locations to their assigned work area;
- City employees parked City transport vehicles in unauthorized remote locations;
- City departments and the Administration need to better manage the use of take-home vehicles and mileage reimbursement; and
- Our break-even analysis for City-owned sedans and light trucks 1) essentially validated the 9,000 mile a year criteria that is in City Policy Manual Section 142 and 2) showed that it is cost beneficial for the City to assign light trucks to those employees who drive at least 11,000 miles per year.

We estimate that the City can save as much as \$1.7 million in 2004-05 and \$4.2 million over the next 2 to 10 years by limiting the use of City sedans and light trucks to employees who drive more than 9,000 miles per year and 11,000 miles per year respectively.

In our opinion, the City Manager should 1) direct City departments to assign sedans and light trucks to employees that consistently drive more than 9,000 miles per year and 11,000 miles per year, respectively; 2) amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard; 3) designate the Fleet Management Division (FMD) of the General Services Department (GSD) as the City entity that has the authority and responsibility to administer the City's transport vehicle fleet; 4) implement the City's policy regarding 24-hour vehicle assignments; and 5) improve controls over the mileage reimbursement program. In addition, City departments should assign employees to park at remote locations that are nearest to the employee's primary work area and ensure that employees park assigned vehicles at authorized locations. Further, the Finance Department should better monitor mileage reimbursements. Finally the FMD should 1) periodically conduct a transport vehicle break-even analysis; 2) review the City's fleet of specialized vehicles; and 3) sell at auction those transport vehicles that do not meet the mileage criteria or are otherwise exempt.

RECOMMENDATIONS

We recommend that the City Manager:

Recommendation #1 Direct departments to assign sedans to employees who consistently drive over 9,000 miles per year and amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard. (Priority 1)

Recommendation #2 Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to actively manage the City’s transport vehicle fleet. (Priority 2)

We recommend that the City Departments:

Recommendation #3 When appropriate, assign employees to park at the remote parking locations that are nearest to the employees’ primary work areas and ensure that employees are parking assigned City vehicles at authorized remote parking locations. (Priority 1)

We recommend that the City Manager’s Office:

Recommendation #4 Implement the City’s policy to track 24-hour vehicle assignments and provide a complete list of authorized vehicles and employees to appropriate departments. (Priority 2)

Recommendation #5 Improve controls over the mileage reimbursement program to help ensure that mileage reimbursement forms are properly completed and contain accurate mileage. (Priority 2)

We also recommend that the Finance Department:

Recommendation #6 Implement the City’s policy to monitor the use of mileage reimbursement and ensure employees are not exceeding 750 miles per month. (Priority 2)

We recommend that the Fleet Management Division:

Recommendation #7 **Periodically conduct a transport vehicle break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement. (Priority 2)**

We also recommend that the City Manager's Office:

Recommendation #8 **Establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee. (Priority 2)**

We recommend that the Fleet Management Division:

Recommendation #9 **Review the City's fleet of specialized vehicles to determine the most cost-effective complement of vehicles. (Priority 2)**

Recommendation #10 **Remove from the City's fleet and sell at auction those transport vehicles that do not meet the City's annual mileage criteria and do not serve a special purpose or are otherwise not exempt. (Priority 2)**

Finding II Recently Enacted San José Police Department And San José Fire Department Vehicle Practices Saved The General Fund About \$2.4 Million In 2003-04 And Will Save Almost \$1.1 Million In 2004-05

In cooperation with the City Auditor's Office, the San José Police Department (SJPD) has recently implemented a cost-savings program to rotate marked and unmarked vehicles in an effort to balance their usage and reduce replacement costs. The SJPD has also agreed to realign the replacement cycles for unmarked vehicles and patrol motorcycles. These changes will save the General Fund about \$2.4 million in 2003-04 and over \$800,000 in 2004-05. In addition, as a result of our audit, the San José Fire Department (SJFD) recently worked with the General Services Department's Fleet Management Division

(FMD) to remove 16 vehicles from its fleet. As a result, the City will realize auction revenue and avoided costs of \$250,000 in 2004-05.

In our opinion, the SJPD and the SJFD should formalize the SJPD's new vehicle rotation program into a policy that applies to all public safety transport vehicles to optimize and balance vehicle usage. The SJPD and the FMD should also formalize the replacement policy for unmarked vehicles to align with the replacement of the City's General Fleet and implement a 4.5-year and 60,000-mile replacement policy for patrol motorcycles.

RECOMMENDATIONS

We recommend that the San José Police Department:

Recommendation #11 **Continue its new vehicle rotation program and formalize it into a policy that applies to all SJPD vehicles. (Priority 2)**

We also recommend that the San José Fire Department:

Recommendation #12 **Implement a transport vehicle rotation program to balance usage and reduce the number of vehicles with low mileage. (Priority 2)**

We recommend that the Fleet Management Division:

Recommendation #13 **Replace unmarked police vehicles, excluding covert vehicles, using the same replacement schedule as the City's general fleet. (Priority 2)**

Recommendation #14 **Adopt and implement a replacement schedule to replace patrol motorcycles using 4.5 years in service and 60,000 miles. (Priority 2)**

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Introduction

In accordance with the City Auditor's 2003-04 Audit Workplan, we have audited the utilization of the transport vehicle fleet of the City of San José (City). We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

The City Auditor's Office thanks the General Services Department (GSD), Budget Office, and City departments' staff who gave their time, information, insight, and cooperation during the audit process.

Background

The Fleet Management Division (FMD) of the GSD provides acquisition, maintenance, and repair services for the City's vehicles and equipment. In February 2003, the City Auditor issued a report on the vehicle replacement process entitled, "An Audit of the Fleet Management Division of the General Services Department's Vehicle Replacement Program." The report included over \$30 million in identified savings from reduced vehicle purchases and vehicle fund balances and made recommendations to improve the efficiency and effectiveness of the City's vehicle replacement and additions process.

In January 2004, the City Auditor completed a second report relating to metered equipment entitled, "An Audit of the Utilization and Replacement of the City's Metered Equipment." In this report, we identified significant savings associated with removing aged, costly, and underutilized metered equipment. In addition we identified weaknesses in the administration and a lack of appropriate and effective equipment replacement policies and procedures. As a result of our findings, we identified over \$3.5 million in actual and potential savings that could be realized as a result of the removal of 107 pieces of aged, costly, and underutilized metered equipment.

In our initial audit on the FMD, we noted that the City possessed over 1,600 non-emergency vehicles, of which 528 may be used as transport vehicles. Transport vehicles include vehicles such as sedans, light trucks, SUV's and passenger vans. However, for the purpose of this audit, we excluded all 111 SUV's and passenger vans because we found many serve a specialized use. In addition, we also removed 85 sedans and light trucks from our analysis for similar reasons. We analyzed

the remaining 332 sedans and light trucks to determine if City departments are using them economically and efficiently. The transport vehicles we included in our analysis are distributed among City departments as shown below.

Exhibit 1 Summary Of City Auditor-Analyzed Sedans And Light Trucks By Department

Department	Sedans	Trucks	Total Number Of Vehicles
IT	1	1	2
Finance	2	0	2
DOT	17	10	27
Housing	10	2	12
PW	33	20	53
PBCE	118	9	127
GSD	9	10	19
PRNS	20	0	20
Library	1	0	1
ESD	24	24	48
Airport	20	1	21
Total	255	77	332

Audit Objective, Scope, And Methodology

Our audit objective was to examine the assignment and use of vehicles in the general transport fleet, the San José Police Department, and the San José Fire Department. More specifically, we 1) determined the break-even point for the City to purchase vehicles versus reimbursing employees for using their own vehicles, 2) reviewed the implementation and enforcement of the City’s current vehicle assignment policies, and 3) examined the practice of parking City vehicles at remote locations.

The scope of our audit included analyzing 1998 through March 2004 data on the City’s fleet. During our audit, we met with the user departments and gathered information on departmental needs, use, and inventory. We cross-referenced this information to the information found in the FMD’s vehicle database. In addition, we reviewed employee claims for mileage reimbursement to determine who was receiving mileage reimbursement and how much the City was paying employees in mileage reimbursement.

In June 2002, the FMD upgraded its database software to a Windows-based program called Fleet Anywhere. However, due to a recent buyout of the software manufacturer, the FMD will go through another upgrade. Given this transition, we determined that the GSD required additional time to establish the system before we could perform testing on the adequacy of controls over data entry, including passwords, approvals, and database access.

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Finding I

By Reducing Its Significantly Oversized And Underutilized Transport Vehicle Fleet The City Can Realize An Economic Benefit Of As Much As \$1.7 Million In 2004-05 And \$4.2 Million Over The Next 2 To 10 Years

City Policy Manual Section 142 establishes the policy and procedures for use of City or privately-owned vehicles to perform City business. City Policy Manual Section 142.5 establishes the “Standards for Assignment” and states that employees who require a vehicle for the greater part of a workday will receive either mileage reimbursement or be assigned a City-owned vehicle. Section 142.5 also includes a 9,000 mile per year criteria for assigning eight-hour sedans to City employees. We identified 332 non-emergency sedans and light trucks in the City’s vehicle inventory that City employees use for transport purposes. We found that City employees are driving 88 percent of these 332 vehicles less than the 9,000 mile criteria in Section 142.5. In addition, City Policy Manual Section 142.5 includes other use of City vehicle criteria besides mileage, such as special purpose vehicles or when an employee using a City vehicle is in the best interest of the City. However, we found that these criteria are not well defined and City departments have not documented that they met these criteria when they authorized employees to use City vehicles. In addition, the FMD does not currently have the authority to actively manage the City’s transport vehicle fleet.

We also found that:

- City employees are driving City transport vehicles over 170,000 miles per year to commute from remote parking locations to their assigned work area;
- City employees parked City transport vehicles in unauthorized remote locations;
- City departments and the Administration need to better manage the use of take-home vehicles and mileage reimbursement; and
- Our break-even analysis for City-owned sedans and light trucks 1) essentially validated the 9,000 mile a year criteria that is in City Policy Manual Section 142 and

2) showed that it is cost beneficial for the City to assign light trucks to those employees who drive at least 11,000 miles per year.

We estimate that the City can save as much as \$1.7 million in 2004-05 and \$4.2 million over the next 2 to 10 years by limiting the use of City sedans and light trucks to employees who drive more than 9,000 miles per year and 11,000 miles per year respectively.

In our opinion, the City Manager should 1) direct City departments to assign sedans and light trucks to employees that consistently drive more than 9,000 miles per year and 11,000 miles per year, respectively; 2) amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard; 3) designate the Fleet Management Division (FMD) of the General Services Department (GSD) as the City entity that has the authority and responsibility to administer the City's transport vehicle fleet; 4) implement the City's policy regarding 24-hour vehicle assignments; and 5) improve controls over the mileage reimbursement program. In addition, City departments should assign employees to park at remote locations that are nearest to the employee's primary work area and ensure that employees park assigned vehicles at authorized locations. Further, the Finance Department should better monitor mileage reimbursements. Finally the FMD should 1) periodically conduct a transport vehicle break-even analysis; 2) review the City's fleet of specialized vehicles; and 3) sell at auction those transport vehicles that do not meet the mileage criteria or are otherwise exempt.

**City Policy Manual
Section 142**

The purpose of City Policy Manual Section 142 is "To establish the policy and procedures for use of City or privately-owned vehicles to perform City business." See Appendix B. As part of these policies, Section 142.5 establishes the "Standards for Assignment" and states that employees who require a vehicle for the greater part of a workday will receive either mileage reimbursement or be assigned a City-owned vehicle. According to these standards, "Assignment of eight-hour sedans will be limited to those individuals who consistently drive more than 750 miles per month [9,000 miles per year] on City business and are away from their primary duty stations more than four hours a day."

Vehicles Removed From Analysis Due To Specialized Use

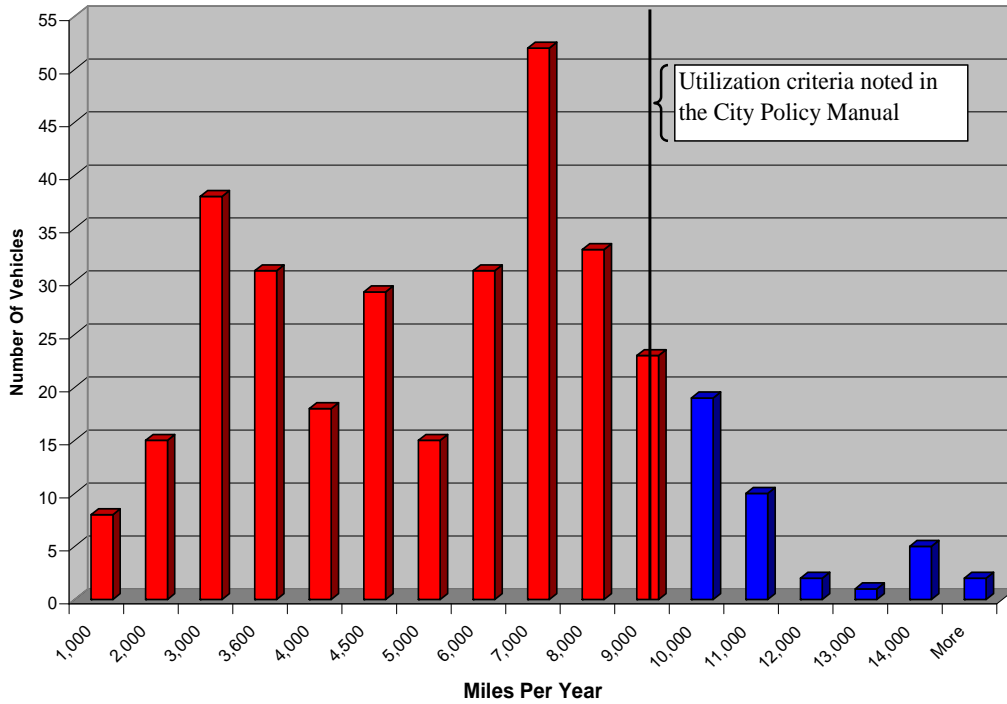
Transport vehicles consist of those vehicles designed for transporting passengers, such as sedans, light trucks, SUV's, and passenger vans. We identified that the City has 528 transport vehicles. However, we excluded from our analysis 196 vehicles, including all 111 of the City's SUV's and passenger vans and 85 sedans and light trucks which we determined serve a specialized purpose. We analyzed the remaining 332 sedans and light trucks to determine if City departments are using them economically, efficiently, and in compliance with City policies.

City Employees Are Driving 88 Percent Of The Transport Vehicles Less Than 9,000 Miles Per Year

In order to insure a fleet is used in the most efficient and economical manner, the City must have adequate and consistent policies that objectively establish when it is appropriate to assign a City vehicle to an employee. An appropriate authority must also consistently implement these policies. Establishing effective and efficient vehicle assignment policies is critical to the successful management of a fleet. *The Manual of California City and County Best Fleet Management Practices and Performance Measures* promotes the use of vehicle assignment criteria and suggests that local governments should develop vehicle criteria for new assignments including minimum annual miles and minimum number of annual trips. Furthermore, fleet managers should annually evaluate all vehicles and recommend alternatives for vehicles that are not in compliance with the utilization criteria such as vehicle reassignments, transfers, or rotation to areas where they are needed.

However, we found that most City employees are not driving the City's 332 transport vehicles 9,000 mile per year, as shown in Exhibit 2. Although the current City policy does not specifically address the use of light trucks, we applied the 9,000-mile standard to analyze the utilization of all 332 transport sedans and light trucks.

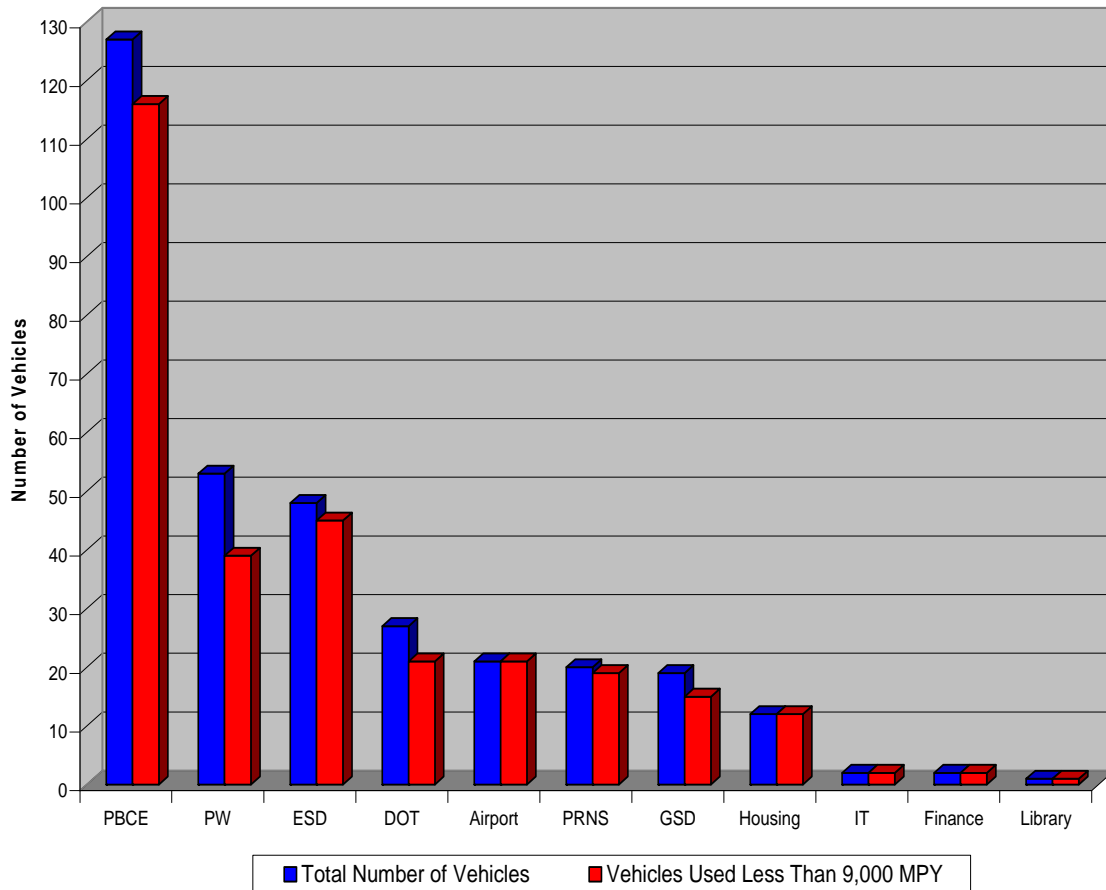
Exhibit 2 Miles Per Year City Employees Drive 332 Transport Vehicles



We found that of the 332 vehicles we analyzed, City employees were driving 293 (88%) below 9,000 miles per year. In addition, we found that City employees drove 42 percent of these 332 vehicles less than 4,500 miles per year. Finally, according to the fleet management consultant that the GSD retained, a vehicle will typically accrue about 300 miles per month (3,600 miles per year) if the employee only uses the vehicle to go to lunch. We found that employees drove 28 percent of the 332 vehicles we analyzed less than 3,600 miles per year.

We also found that City employees in all City departments are driving transport vehicles less than 9,000 miles per year, as shown in Exhibit 3.

Exhibit 3 Number Of Transport Vehicles City Employees Are Driving Less Than 9,000 Miles Per Year By Department



Exceptions To The Policy’s 9,000-Mile Standard Are Unclear

Although City Policy Manual Section 142.5 stipulates a 9,000 annual mileage criteria, the policy also mentions other criteria to consider when allowing the use of City-owned vehicles. The policy states that City-owned vehicles on a “full-working-day basis” are allowed when a special purpose vehicle is required, when an employee’s job duties and mileage indicate that a City-owned car is in the “best interest of the City,” and when an employee must drive consistently during the month and requests this option (a City-owned vehicle) subject to the availability of sufficient pool cars. However, we found that some of the terms in City Policy Manual Section 142.5 such as “full-working-day” and “best interest of the City” are not

specifically defined. Further, City departments have not documented that they met these other possible criteria when they authorized employees to use City vehicles.

We recommend that the City Manager:

Recommendation #1

Direct departments to assign sedans to employees who consistently drive over 9,000 miles per year and amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard. (Priority 1)

The FMD Does Not Currently Have The Authority To Actively Manage The City's Transport Vehicle Fleet

The significant underutilization of transport vehicles shown in Exhibits 2 and 3 is due in part to City departments' apparent lack of knowledge regarding the City's vehicle assignment policy and the FMD's inability to enforce it. According to the FMD, it does not currently have the authority or responsibility necessary to actively manage the size, composition, or utilization of the City's fleet across departmental lines.

In 2001, the FMD contracted with Fleet Counselor Services to perform an analysis of the City's fleet and make recommendations to improve the management of the fleet. The consultant found that the City of San José's fleet is larger than needed and noted that "before a cost-effective replacement program can be successfully implemented, the low usage issue must be resolved." While the consultant was not able to provide cost-effective utilization standards, he suggested using as a starting point a "non cost-effective" minimum use of 300 miles per month (3,600 miles per year) for sedans and light trucks.

During 2003, the FMD established "minimum utilization guidelines" for transport vehicles of 3,600 miles per year. In an initial attempt to address City vehicle underutilization, the FMD met with departments and informed them that they would review the use of vehicles that employees drive less than 3,600 miles per year. The FMD is still in the process of removing severely underutilized vehicles being used less than 3,600 miles per year.

In the absence of a policy that grants the FMD the specific direction and authority to actively manage the transport vehicle fleet, the FMD feels limited in its ability to manage the fleet.

Accordingly, in our opinion, the City Manager should officially designate the FMD as the City entity that has the authority and responsibility to actively manage the City's transport vehicle fleet. Furthermore, the City Manager's Office should ensure that the FMD and departments consistently implement the City's policy on vehicle assignment.

We recommend that the City Manager:

Recommendation #2

Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to actively manage the City's transport vehicle fleet. (Priority 2)

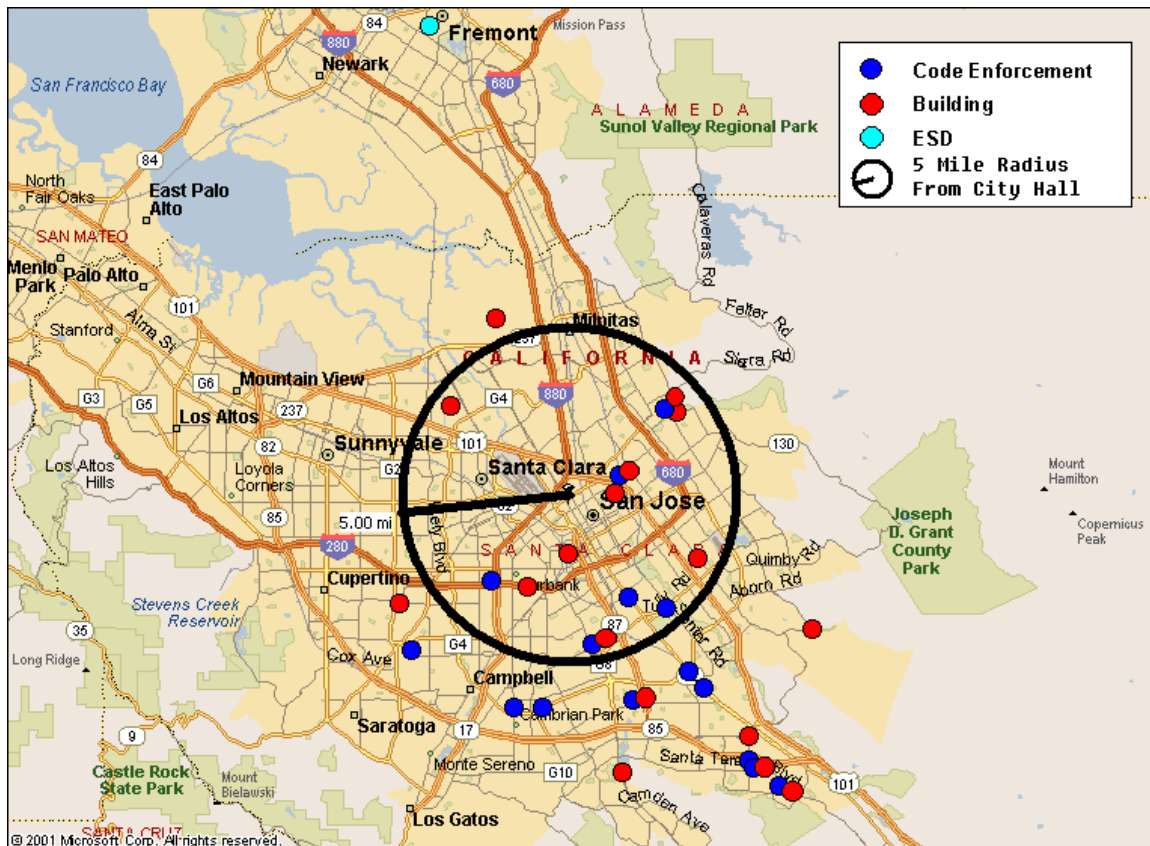
City Employees Are Driving City Transport Vehicles Over 170,000 Miles Per Year To Commute From Remote Parking Locations To Their Assigned Work Areas

The City Policy Manual clearly states that the City will not provide a City vehicle or reimbursement for conducting personal business. However, we identified many instances in which City employees are using their City vehicles for non-work related purposes. We estimate that non-work related mileage exceeds 170,000 miles per year. These unnecessary miles accelerate vehicle replacements, increase the City's liability, and result in significant costs to the City.

Specifically, we found that departments have allowed employees to park City vehicles at remote locations throughout the region. For example, according to the Planning, Building, and Code Enforcement Department (PBCE), they allow 57 inspectors to park at remote locations because of limited parking at City Hall and to lessen the commute distance on employees' personal vehicles. In the fall of 2003, the Code Enforcement Division moved its offices to the downtown location of the former Martin Luther King Library. The Code Enforcement Division now has more than enough parking available at its new location to accommodate all of its transport vehicles. Yet, despite this new parking availability, the PBCE continues to allow inspectors to park their transport vehicles at remote locations. As a result, PBCE inspectors are putting unnecessary miles on their transport vehicles.

The PBCE Department develops and maintains a list of parking locations for its City vehicles. Many employees park their transport vehicles at public transit stations, community centers, libraries, and fire stations. Exhibit 4 illustrates the distance to City Hall for these remote parking locations.

Exhibit 4 Remote Locations Where City Employees Park Their Transport Vehicles And Their Distance From City Hall



We compared the remote parking locations to the respective employee home addresses and found that the parking locations are proximate to their residences and commute routes. When employees drive City vehicles to and from these remote parking locations, the City, in effect, is subsidizing their commute to work. Further, this non-work use increases the mileage on City vehicles. For example, the Environmental Services Department (ESD) provided two employees with an assigned vehicle to commute from the Fremont Bart Station to the Water Pollution

Control Plant. This commute added 30 miles per day (about 5,100 miles per year) on this vehicle, which significantly shortens the vehicle's useful life.

We also identified 7 City transport vehicles that employees park at the Santa Teresa light rail station, which is almost 12 miles from City Hall. These employees live nearby the Santa Teresa light rail in South San José, or in southern cities such as Hollister and Morgan Hill. By completing their commute from the Santa Teresa light rail using a City vehicle, these employees add about 24 miles per day to each of their respective 7 vehicles or about 28,000 miles per year.

We also noted that many inspectors drive their own personal vehicles to light rail stations and pick up their City vehicles to complete their commute into work. Exhibit 5 shows several City vehicles that employees park in the evening at a light rail station.

Exhibit 5 City Vehicles Parked In The Evening At A Light Rail Station



We should note that the City has purchased and distributed ECO passes to all City employees so that they can ride the light rail free. If the inspectors did not want to drive their personal vehicles into City Hall, they could use the light rail to complete their commute to City Hall and then pick up their City vehicles. This would save vehicle costs for the City and help reduce traffic congestion and pollution.

We should also note that, according to some department officials, it is more efficient for employees to park at remote locations when the locations are closer to the employees' primary work areas than they are to City Hall. Accordingly, the department should assign employees to park their City vehicle at remote parking locations that are nearest to the employees' primary work areas. By so doing, the City will have added insurance that it is not merely subsidizing an employee's commute by allowing them to drive a City vehicle to and from work. Such a practice results in unnecessary cost to the City and accelerates the replacement of a City vehicle.

Furthermore, if an employee does not return his or her transport vehicle to his or her primary work station, the department cannot accurately monitor what kind of work hours the employee is keeping. For example, during several of our field studies, we observed that City employees had parked their transport vehicles at remote parking locations prior to the end of their scheduled work day. We subsequently determined that the employees had not requested leave on the days we made our observations. As a result, it appears these employees finished their workday early without supervisory approval or detection.

In addition, City vehicles that employees park at these remote locations are exposed to the elements, vandalism, and theft. For example, we found 2 PBCE vehicles that incurred significant damage while parked at remote locations during May 2003. In fact, someone actually stole one of these vehicles while it was parked at the Cottle light rail transit station over the weekend. The San José Police Department was able to recover this vehicle, but only after it had sustained about \$3,800 worth of damage.

**City Employees
Parked City
Transport Vehicles
In Unauthorized
Remote Locations**

We asked departments to list the locations where they authorize employees to park their City vehicles. However, we found that employees park City vehicles in remote locations that the departments did not authorize. Specifically, during our site visits to various remote parking locations, we observed 24 vehicles that employees were routinely parking in locations different than those indicated in the departmental records. It appears that employees are parking their City vehicles in locations that are closest to their residence, even when these locations are not on the approved departmental list.

For example, departmental records show that a Department of Transportation (DOT) vehicle is assigned to park overnight at its primary work location in the Mabury Yard. However, during our site visits we observed that the employee was routinely parking this vehicle at the Southside Community Center which is within 2 miles of the employee's residence. Exhibit 6 shows the distance the vehicle would travel from the unauthorized parking location [2] into the primary work location [3], compared to the location of the employee's residence [1].

Exhibit 6 Example Of Unauthorized Use Of Remote Parking Locations



In response to this information, the DOT confirmed that this inspector parked the City vehicle at the community center for the last year, however, as of May 2004 the DOT has authorized this remote parking location.

We also observed a Public Works vehicle that an employee routinely parked at the Camden Community Center even though departmental records show that the employee should be parking the vehicle at the Central Service Yard. The Public Works employee assigned to drive this City vehicle lives only 2 miles away from the Camden Community Center. By parking

at the Camden Community Center, the employee is using a City vehicle to commute to work and adding unnecessary miles to the vehicle with resultant unnecessary costs.

The PBCE records showed that a Building Inspector was assigned to park his City vehicle at the West Corp Yard, about 15 miles away from the employee's residence. However, we observed that the employee instead parked this vehicle only two miles away from the employee's residence, at the Snell and Cottle light rail stations. As a result, the employee is able to drive a City vehicle for his commute into work even though the PBCE Department had no record authorizing this use of a City vehicle.

In another example, we observed that a Code Inspector was routinely parking his City vehicle at the Southside Community Center, instead of its assigned location at City Hall. By parking his City vehicle at the Southside Community Center, the employee is able to shorten his commute to and from Gilroy by 28%. Without sufficient oversight of these vehicles, the City is unable to ensure proper usage of the City's vehicle fleet. In our opinion, City departments need to ensure that employees are parking their City vehicles at their assigned remote parking locations.

We recommend that the City Departments:

Recommendation #3

When appropriate, assign employees to park at the remote parking locations that are nearest to the employees' primary work areas and ensure that employees are parking assigned City vehicles at authorized remote parking locations. (Priority 1)

**City Departments
And The
Administration
Need To Better
Manage The Use Of
Take-Home
Vehicles And
Mileage
Reimbursement**

The City Policy Manual states that “all lists of positions and personnel assigned a 24-hour vehicle shall be approved annually by the City Manager, with a copy of the approved listing sent to the Director of OMB [the Budget Office] by January 15th each year.” However, neither the City Manager’s Office nor the Budget Office had such a list or knew if any such list was ever produced. The City Manager’s Office did respond with an e-mail that identified positions that could be eligible for standby duty, thereby qualifying for a 24-hour vehicle assignment, as well as those individuals that are eligible for a car allowance. However, we found that this e-mail was incomplete. For example, we know of employees in both the Municipal Water Program and the Police Department that have take-home City vehicles, but were not included in the Manager’s Office e-mail.

We also found problems with how the Administration manages the City’s longstanding mileage reimbursement program. For example, when we reviewed mileage reimbursement claims, we found that in some cases employees did not complete critical information, such as the origin and destination of travel. In other cases, when the employee provided the origin and destination information, it was so general that we could not verify the miles traveled. We also found instances where the mileage the employee claimed from the origin to the destination was different than the mileage the employee claimed on the returning trip.

The City Policy Manual has a provision that directs the Finance Department (Finance) to review mileage reimbursement claims and list those employees whose monthly mileage from October through December has consistently been in excess of 750 miles per month. If, in Finance’s opinion, a change in the type of transportation is justified, it should make such a recommendation to the City Manager’s Office. However, we found that Finance does not monitor mileage reimbursement claims in accordance with the City Policy Manual requirements.

Finance’s primary concern is to insure that the employee is properly reimbursed for their mileage claim, regardless of the miles claimed. Finance’s computer system can only accommodate total yearly mileage reimbursement claims up to 9,999 miles. Finance only monitors total mileage reimbursement claims to insure they do not exceed 9,999 miles

for the year. However, when an employee's yearly mileage reimbursement claims exceed 9,999 miles, the Finance Department does not forward this information to the City Manager's Office or the FMD for purposes of managing the City's vehicle assignments.

If an employee submits a mileage reimbursement claim that brings the total miles claimed above 9,999 miles in any given year, Finance manually reduces the yearly claim figure to allow the employee to claim additional miles. How much Finance reduces the 9,999 mileage claimed varies from employee to employee. As a result, we had difficulty determining the total miles employees claim for reimbursement on a yearly basis. Furthermore, since no one tracks the total miles City employees claim for reimbursement to determine if an alternate mode of transportation is warranted, employees can claim mileage reimbursement at levels that are not cost-effective. For example, in 2003, two DOT employees claimed over 36,000 miles in mileage reimbursement, or \$13,400. At the same time, a similar position in the same work group had a City vehicle that they drove only about 4,000 miles per year. If the DOT had this information, the DOT could have rotated and reassigned this underutilized vehicle to at least one of the employees using mileage reimbursement.

In our opinion, controls over the City's take-home vehicle list and existing mileage reimbursement program need to be improved to minimize and discourage waste and abuse. Sufficient and adequate controls over mileage reimbursement will be even more important if the City expands the mileage reimbursement program.

We recommend that the City Manager's Office:

Recommendation #4

**Implement the City's policy to track 24-hour vehicle assignments and provide a complete list of authorized vehicles and employees to appropriate departments.
(Priority 2)**

Recommendation #5

**Improve controls over the mileage reimbursement program to help ensure that mileage reimbursement forms are properly completed and contain accurate mileage.
(Priority 2)**

We also recommend that the Finance Department:

Recommendation #6

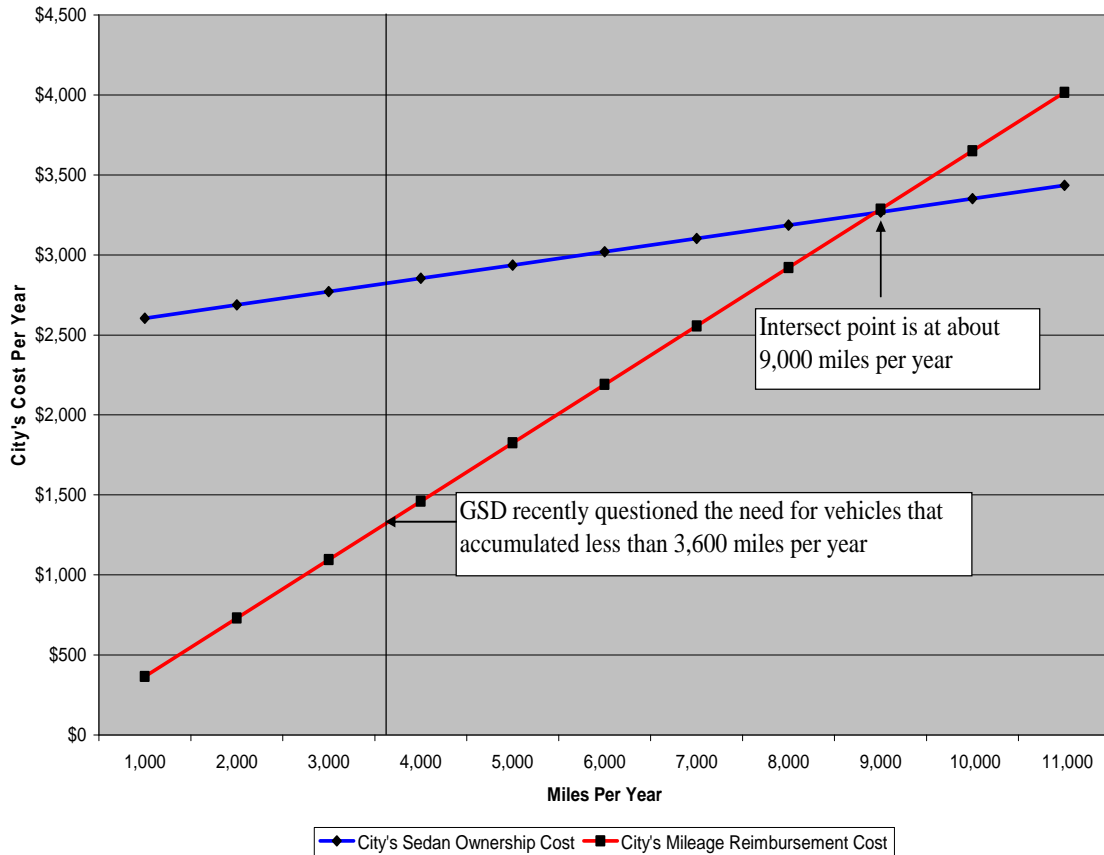
Implement the City's policy to monitor the use of mileage reimbursement and ensure employees are not exceeding 750 miles per month. (Priority 2)

**Our Break-Even Analysis For City-Owned Sedans And Light Trucks
1) Essentially Validated The 9,000 Mile A Year Criteria That Is In City Policy Manual Section 142 And
2) Showed That It Is Cost Beneficial For The City To Assign Light Trucks To Those Employees Who Drive At Least 11,000 Miles Per Year**

A break-even analysis helps ensure that the City assigns vehicles to employees in a cost-effective manner. In 1991, the City formed a task force that evaluated the break-even point between the cost of providing mileage reimbursement to employees and the cost of providing a City vehicle. Their analysis indicated that the break-even mileage for using a City vehicle versus mileage reimbursement at that time was just over 11,000 miles per year. However, the City did not implement the results of this break-even analysis. Neither the FMD nor the City Manager's Office has conducted a break-even analysis since 1991.

Given the importance and utility of a break-even analysis for vehicles, we performed a break-even analysis for the City's transport vehicles. Our break-even analysis essentially validated the City's Policy Manual Section 142.5 that limits assignment of sedans to those individuals that drive over 750 miles per month (9,000 miles per year). Furthermore, the break-even analysis also showed that it is cost beneficial for the City to assign light trucks to those employees who drive at least 11,000 miles per year. As part of our analysis, we calculated the total cost of owning and operating a City vehicle and compared it to the cost of providing mileage reimbursement, which is currently at 36.5 cents per mile. In order to calculate the true cost of owning and operating a vehicle, we accounted for fixed costs, such as depreciation, and variable costs which include fuel, repair and maintenance, tires, oil, and any other costs that are associated with owning a vehicle. Exhibits 7 and 8 illustrate the results of our break-even analysis for both sedans and light trucks.

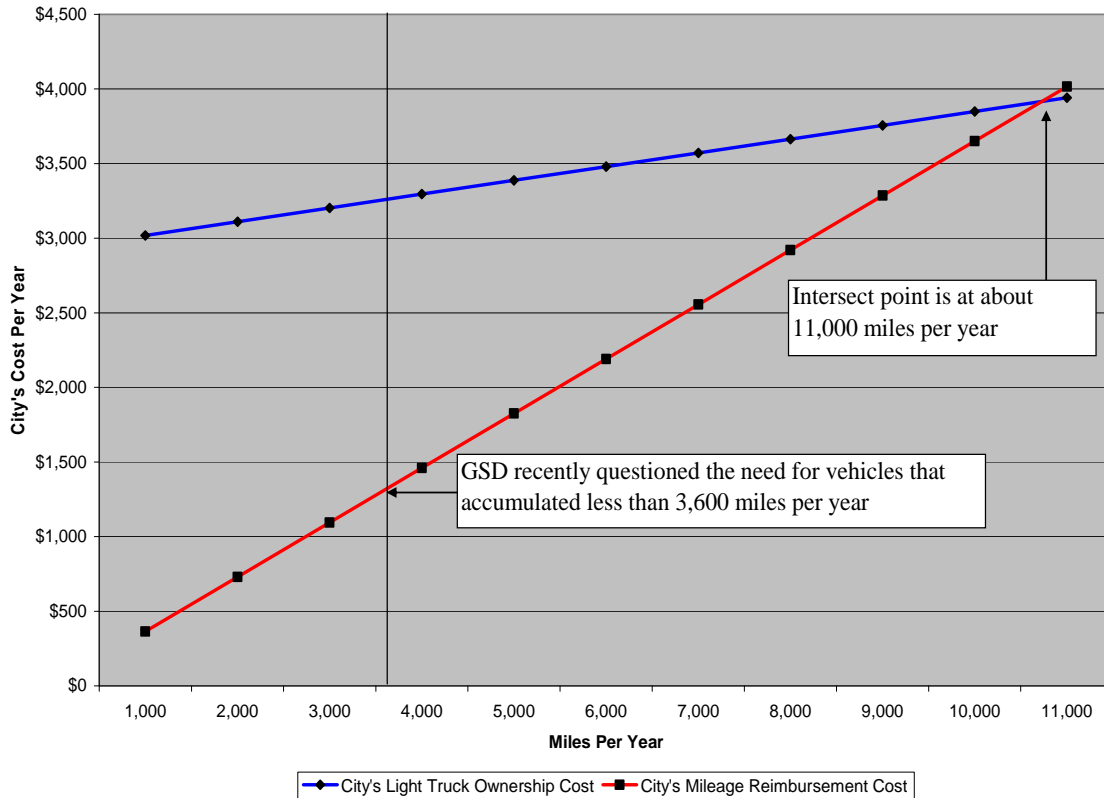
Exhibit 7 Break-Even Analysis Between The City’s Cost To Own Sedans Versus The Cost To Provide Mileage Reimbursement



As shown in Exhibit 7, it is more cost-effective for the City to provide mileage reimbursement to employees who typically drive sedans less than 9,000 miles per year.

Exhibit 8 illustrates that it is more cost-effective for the City to provide mileage reimbursement to employees who typically drive light trucks less than about 11,000 miles per year.

Exhibit 8 Break-Even Analysis Between The City’s Cost To Own Light Trucks Versus The Cost To Provide Mileage Reimbursement



Although the City’s current policy states the mileage standard for assigning sedans, it does not include a similar requirement for light trucks. In our opinion, in order to maximize the efficiency and utilization of the City’s transport vehicles, the City’s policy should also establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee.

Exhibits 7 and 8 also show the annual cost difference to the City at the 3,600-mile level that the consultant noted as “non cost-effective” and that the FMD recently established as a “minimum utilization guideline.” Based on this analysis, the City pays an additional \$1,507 and \$1,944, respectively, for each sedan and light truck it assigns to an employee, rather than paying mileage reimbursement.

Given the results of our break-even analysis, in our opinion, the FMD needs to periodically conduct a break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement. Furthermore, the

City Manager's Office needs to ensure that the City's policy includes the appropriate utilization requirement for assigning all transport vehicles, including light trucks.

We recommend that the Fleet Management Division:

Recommendation #7
Periodically conduct a transport vehicle break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement. (Priority 2)

We also recommend that the City Manager's Office:

Recommendation #8
Establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee. (Priority 2)

*The FMD And City
Departments Should
Evaluate Other
Vehicles*

In recognition that some of the City's sedans and light trucks may serve a specialized purpose, we removed from our analysis 111 SUV's and passenger vans and 85 sedans and light trucks that do not lend themselves to mileage reimbursement in departments such as DOT, GSD, PBCE, ESD, and Public Works. For example, some of the vehicles we removed are used to carry debris and refuse. However, we should note that although these 196 vehicles may serve a specialized purpose, many of these vehicles also appear to be underutilized and the City should evaluate them for usage issues. Accordingly, the FMD and City departments should analyze the City's entire vehicle fleet for opportunities to rotate, pool, and reduce the number of fleet vehicles.

We recommend that the Fleet Management Division:

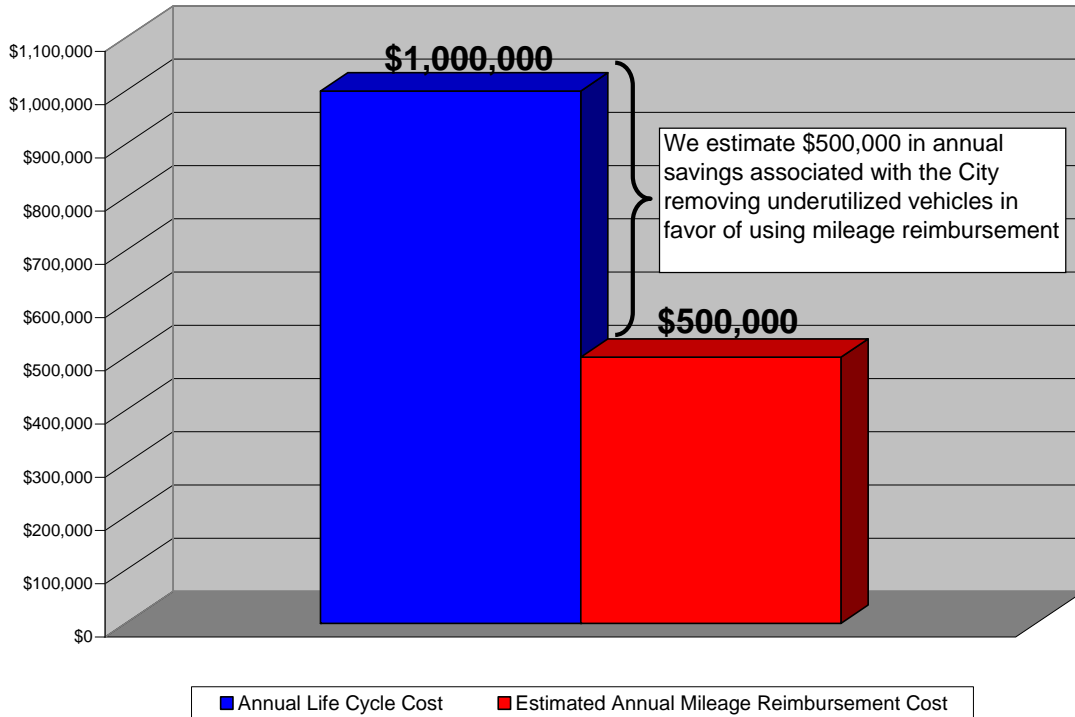
Recommendation #9
Review the City's fleet of specialized vehicles to determine the most cost-effective complement of vehicles. (Priority 2)

By Removing Underutilized Transport Vehicles The City Can Realize An Economic Benefit Of As Much As \$5.9 Million

The City has too many severely underutilized transport vehicles. We estimate that City employees drive 306 of 332 sedans and light trucks less than 9,000 and 11,000 miles per year, respectively. By removing these sedans and light trucks from the City's fleet, the City can realize an initial economic benefit of \$1.7 million in 2004-05 and a total benefit of as much as \$5.9 million over the next 10 years.

We identified that City employees were driving 306 of the 332 transport vehicles (92%) we analyzed below our calculated break-even points of about 9,000 and 11,000 miles per year. By providing mileage reimbursement instead of a vehicle to those employees who are driving these 306 transport vehicles, we estimate that the City could realize an economic benefit of about \$500,000 per year. As shown in Exhibit 9, it currently costs the City about \$1 million per year to provide vehicles to employees who do not drive their sedans and light trucks about 9,000 and 11,000 miles per year, respectively. These employees drive these transport vehicles about 1.4 million miles per year. By comparison, if the City were to provide these same employees with mileage reimbursement, the City would only pay about \$500,000 per year, saving as much as \$500,000 per year.

Exhibit 9 Comparison Of Annual Life Cycle Costs For Underutilized Transport Vehicles To Mileage Reimbursement



In addition to the annual cost savings the City would achieve by removing underutilized transport vehicles from its fleet, the City would also receive auction revenues for the vehicles the City removes and sells. In order to estimate the current auction value of these vehicles, we depreciated every vehicle using a staggered system which reflects what would be experienced given high depreciation. We verified the accuracy of our estimate by comparing the results of our model to the City’s historical auction results, the City of San Diego’s auction results, and the Kelly Bluebook. We estimate that the City could realize almost \$1.3 million if it sold its underutilized transport vehicles at auction.

In total, we estimate the City could receive as much as \$5.9 million in economic benefit by removing 306 underutilized and costly vehicles in favor of providing employees with mileage reimbursement as detailed in Exhibit 10.

Exhibit 10 Summary Of Auditor-Estimated Potential Economic Benefit Produced By Removing Sedans And Light Trucks That Employees Drive Less Than 9,000 Miles And 11,000 Miles Per Year Respectively

	First Year General Fund Benefit	First Year Non-General Fund Benefit	General Fund Benefit Over 10 Years	Non-General Fund Benefit Over 10 Years	Total City Economic Benefit
Auction Revenues	\$485,000	\$788,000	\$485,000	\$788,000	\$1,273,000
Avoided Replacement	\$188,000	\$344,000	\$1,884,000	\$3,437,000	\$5,321,000
Avoided M&O	\$173,000	\$273,000	\$1,728,000	\$2,730,000	\$4,458,000
Mileage Reimbursement	(\$220,000)	(\$289,000)	(\$2,199,000)	(\$2,886,000)	(\$5,085,000)
Total Savings	\$626,000	\$1,116,000	\$1,898,000	\$4,069,000	\$5,967,000

Department Concerns About The Proposed Reduction To The City's Transport Vehicle Fleet

Some departments have expressed concerns about removing underutilized City transport vehicles from the City's fleet in favor of providing employees with mileage reimbursement. These departments believe that mileage reimbursement may not be a viable option for employees such as inspectors and engineers. However, we found that some City departments already pay some inspectors mileage reimbursement instead of providing a City vehicle to conduct their work. In fact, during 2003, the City paid mileage reimbursement to 77 inspectors and engineers. Further, inspectors in California's largest cities, specifically Los Angeles and San Diego, perform similar inspection-type duties under similar circumstances and these cities have paid their inspectors mileage reimbursement for over 10 years.

Departments have also expressed concerns regarding the cost of administering additional mileage reimbursement claims. We found, however, that the City already has a system in place to administer mileage reimbursement claims for nearly 700 employees and that the existing staff should be able to handle the workload that additional mileage claims would create.

Departments have also stated that a City vehicle conveys a professional image of the City of San José and that a vehicle is part of an employee's uniform which helps the public identify an individual as a City employee. We found that very few City employees with transport vehicles wear uniforms that identify

them as City employees. For example, inspectors from Building, Code Enforcement, and Public Works do not wear City of San José uniforms.

According to one department, a City vehicle provides a City employee with a level of protection and safety, and discourages citizens from harassing or threatening City employees. We should note, however, that the department only had anecdotal evidence to substantiate its assertion regarding employee safety.

Lastly, according to the Code Enforcement Division, following a grievance filed in 1991, the City adopted a policy that the City would provide a vehicle to all City inspectors. Code Enforcement's assertion notwithstanding, we could not find any evidence that any such policy ever existed in any Memorandum of Agreement (MOA) or the City Policy Manual. Furthermore, none of the adopted MOAs, following the task force report in 1991, included a requirement that the City provide vehicles to City inspectors. In fact, the MOAs are very clear in placing the sole responsibility for determining who qualifies for the assignment of a City vehicle on the City Administration. For example, the MOA for the Municipal Employees' Federation states:

“The City has the sole and absolute right to determine the nature and type of, assign, reassign, revoke assignments of or withdraw assignments of, City equipment, including motor vehicles, to or from employees during, after or before hours of duty, without consultation or meeting and conferring with the employees affected or the Union.”

In our opinion, the City has the authority to remove underutilized transport vehicles if it is in the City's economic best interest to do so.

We recommend that the Fleet Management Division:

Recommendation #10

Remove from the City's fleet and sell at auction those transport vehicles that do not meet the City's annual mileage criteria and do not serve a special purpose or are otherwise not exempt. (Priority 2)

CONCLUSION

We found that the City's transport vehicle fleet is significantly oversized and underutilized. The FMD and City departments need to make dramatic changes in the way they manage and utilize the transport vehicle fleet. These changes will help ensure the City implements cohesive and integrated policies that provide for optimal vehicle utilization and are in the best interest of the City.

RECOMMENDATIONS

We recommend that the City Manager:

Recommendation #1 **Direct departments to assign sedans to employees who consistently drive over 9,000 miles per year and amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard. (Priority 1)**

Recommendation #2 **Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to actively manage the City's transport vehicle fleet. (Priority 2)**

We recommend that the City Departments:

Recommendation #3 **When appropriate, assign employees to park at the remote parking locations that are nearest to the employees' primary work areas and ensure that employees are parking assigned City vehicles at authorized remote parking locations. (Priority 1)**

We recommend that the City Manager's Office:

Recommendation #4 **Implement the City's policy to track 24-hour vehicle assignments and provide a complete list of authorized vehicles and employees to appropriate departments. (Priority 2)**

We recommend that the City Manager's Office:

Recommendation #5 **Improve controls over the mileage reimbursement program to help ensure that mileage reimbursement forms are properly completed and contain accurate mileage. (Priority 2)**

We also recommend that the Finance Department:

Recommendation #6 **Implement the City's policy to monitor the use of mileage reimbursement and ensure employees are not exceeding 750 miles per month. (Priority 2)**

We recommend that the Fleet Management Division:

Recommendation #7 **Periodically conduct a transport vehicle break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement. (Priority 2)**

We also recommend that the City Manager's Office:

Recommendation #8 **Establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee. (Priority 2)**

We recommend that the Fleet Management Division:

Recommendation #9 **Review the City's fleet of specialized vehicles to determine the most cost-effective complement of vehicles. (Priority 2)**

Recommendation #10 **Remove from the City's fleet and sell at auction those transport vehicles that do not meet the City's annual mileage criteria and do not serve a special purpose or are otherwise not exempt. (Priority 2)**

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Finding II

Recently Enacted San José Police Department And San José Fire Department Vehicle Practices Saved The General Fund About \$2.4 Million In 2003-04 And Will Save Almost \$1.1 Million In 2004-05

In cooperation with the City Auditor's Office, the San José Police Department (SJPD) has recently implemented a cost-savings program to rotate marked and unmarked vehicles in an effort to balance their usage and reduce replacement costs. The SJPD has also agreed to realign the replacement cycles for unmarked vehicles and patrol motorcycles. These changes will save the General Fund about \$2.4 million in 2003-04 and over \$800,000 in 2004-05. In addition, as a result of our audit, the San José Fire Department (SJFD) recently worked with the General Services Department's Fleet Management Division (FMD) to remove 16 vehicles from its fleet. As a result, the City will realize auction revenue and avoided costs of \$250,000 in 2004-05.

In our opinion, the SJPD and the SJFD should formalize the SJPD's new vehicle rotation program into a policy that applies to all public safety transport vehicles to optimize and balance vehicle usage. The SJPD and the FMD should also formalize the replacement policy for unmarked vehicles to align with the replacement of the City's General Fleet and implement a 4.5-year and 60,000-mile replacement policy for patrol motorcycles.

Recently Enacted Marked Patrol Sedan Practices Saved The General Fund About \$1 Million In 2003-04

The City Auditor's Office has been working closely with the FMD and the SJPD in an effort to reduce the 2003-04 marked patrol sedan replacement needs. During the mid-year budget process, the FMD forecasted a replacement need of 78 vehicles for a total cost of about \$2.5 million. However, the combination of vehicle rotation, a vehicle exchange with the Airport, and a strict application of the marked patrol sedan replacement guideline resulted in a 42 percent reduction in marked patrol sedan replacement needs for 2003-04 and saved the General Fund about \$1 million.

**Vehicle Rotation
Reduces
Replacement Costs
By Balancing
Higher And Lower
Usage**

Federal and local agencies practice vehicle rotation to alleviate high maintenance charges and avoid the cost of early vehicle replacements. In order to efficiently use and extend the life of the City's vehicles, annual vehicle mileage should correlate with the vehicle's specified replacement schedule. For example, the FMD's policy to replace transport vehicles after 10 years of age and 100,000 miles, would require an average annual mileage around 10,000 miles per year. City employees do not drive all City vehicles the same miles each year. Therefore, rotating vehicles to balance usage helps insure that the City replaces vehicles when it is appropriate to do so. Furthermore, rotating vehicles helps to reduce vehicle maintenance and replacement costs. The SJPD recently implemented a program to track and rotate marked and unmarked vehicles in an effort to balance their usage. In our opinion, the practice of rotating vehicles should be expanded and formalized to optimize the use of all public safety transport vehicles.

According to the SJPD, they recently began tracking the use of their marked and unmarked vehicle fleet and are targeting annual use to match the replacement cycle. The SJPD rotates vehicles that are below, or significantly higher, than the target annual mileage to even out usage. All marked and unmarked vehicles, including the Chief of Police's vehicle, are subject to rotation. In this manner, the SJPD is able to better track vehicle use, minimize maintenance and replacement costs, and extend the life of its vehicle fleet. For example, the SJPD moved a vehicle with over 62,000 miles from the Bureau of Investigations, where it was accumulating over 16,000 miles per year, to the Financial Crimes Unit, where it is now accumulating about 8,000 miles per year. In return, the Bureau of Investigations received a vehicle with only 14,000 miles. By rotating these vehicles, the SJPD insures that these vehicles are replaced in a more uniform and predictable manner.

The SJFD also has transport (non-fire apparatus) vehicles that range from an average annual use as low as 1,531 miles to as high as 24,000 miles. A vehicle rotation program would enable the SJFD to track vehicle use, identify vehicles that are not meeting usage requirements, and reduce the need for early replacement of vehicles due to high usage assignments.

Based on our recommendation, the SJFD has agreed to work with the SJPD to implement a tracking and vehicle rotation program that is similar to the SJPD's. Further, the SJFD and SJPD have identified vehicles that they could rotate and pool together for shared use. For example, both departments have a van they use in their recruiting programs. By consolidating and sharing the use of one van, the departments can meet their operational needs with fewer vehicles. Finally, as a result of our audit, the SJFD worked with the FMD to review the utilization of its current fleet and identified 16 vehicles for removal. We estimate that by removing and retiring these 16 vehicles the City will realize a monetary benefit of over \$355,000 in auction revenue and avoided replacement and operational costs. Of this \$355,000, we estimate that the City will realize about \$250,000 in 2004-05 and over \$105,000 from 2005-06 through 2006-07.

We recommend that the San José Police Department:

Recommendation #11
Continue its new vehicle rotation program and formalize it into a policy that applies to all SJPD vehicles. (Priority 2)

We also recommend that the San José Fire Department:

Recommendation #12
Implement a transport vehicle rotation program to balance usage and reduce the number of vehicles with low mileage. (Priority 2)

Realignment Of The Replacement Cycles For Unmarked Police Vehicles And Patrol Motorcycles Will Save The General Fund Almost \$1.4 Million In 2003-04 And Over \$800,000 In 2004-05

Replacement cycles drive the City's vehicle replacement costs. Shorter replacement cycles result in higher costs. Likewise, extending the replacement cycles will decrease the City's vehicle replacement costs. In February 2003, the Auditor's Office issued a report titled, *An Audit of the Fleet Management Division of the General Services Department's Vehicle Replacement Program*. In that report, the Auditor's Office recommended that the FMD establish and implement a Citywide replacement policy for transport vehicles. In response to our recommendation, the FMD established a replacement policy in which the City's vehicles are eligible for replacement after they are 10 years old and have 100,000 miles. In our

opinion, the FMD should also formalize and implement appropriate replacement cycles for the SJPD's unmarked vehicles and patrol motorcycles.

The FMD's practice has been to replace unmarked police vehicles using a shorter replacement cycle than that used for the City's overall fleet. Specifically, the FMD has been replacing the SJPD's unmarked vehicles after they are 8 years old or have 100,000 miles, whichever occurs first. The Mayor's March 2004 budget message directed the City Administration to, "Ensure that unmarked police vehicles, excluding vehicles for covert operations, are replaced using the same schedule as regular fleet vehicles." Changing the unmarked vehicle replacement schedule to 10 years and 100,000 miles will save the General Fund about \$1.1 million in proposed vehicle purchases in 2003-04 and about \$700,000 in 2004-05.

Likewise, in the City's 1993-94 Adopted Operating Budget, the General Services Department committed to extending the replacement cycle for police motorcycles from 4 years or 40,000 miles, to 6 years and 60,000 miles, stating:

"Vehicle maintenance staff has determined that it is within the mechanical capability of all current vehicles to have usage extended to these new levels while remaining safe for patrol services."

According to the FMD, they did not implement this 6-year and 60,000-mile replacement cycle because the change was "a meet and confer issue," that was "contingent" upon approval through the Police Officers' Association Memorandum of Agreement (MOA). In 1994, the City changed the MOA to allow the FMD the flexibility to make appropriate changes in the replacement criteria.

The MOA also allows the City to consider the vehicle replacement practices in other law enforcement agencies. For example, the California Highway Patrol, which has a higher annual usage, replaces their motorcycles after they reach 60,000 miles or have 3 years of age. The Los Angeles Police Department (LAPD) replaces their motorcycles after they reach 6 years in service and have accumulated over 60,000 miles. According to the FMD and the SJPD, the SJPD motorcycles average 13,000 miles per year. Therefore, the FMD should realign the patrol motorcycle replacement schedule to reflect a 4.5-year and 60,000-mile replacement schedule. If the FMD

were to implement this schedule, the City would save about \$287,000 in 2003-04 and \$109,000 in 2004-05 replacement costs.

The following table summarizes the cost savings of realigning the SJPD’s replacement cycles for unmarked vehicles and patrol motorcycles, based on the FMD’s projections.

Exhibit 11 Estimated Cost Savings Associated With Realigning The SJPD’s Unmarked Vehicle And Patrol Motorcycle Replacement Cycles

	2003-04	2004-05
Unmarked Vehicles	Cost Savings	Cost Savings
FMD’s Proposed Replacement Forecast Using 8 Years OR 100,000 Miles	\$1,234,000	\$788,000
Revised Replacement Forecast Using 10 Years AND 100,000 Miles	\$155,000	\$88,000
Cost Savings	\$1,079,000	\$700,000
Patrol Motorcycles		
FMD’s Proposed Replacement Forecast Using 50,000 Miles	\$287,000	\$152,000
Revised Replacement Forecast Using 4.5 Years AND 60,000 Miles	\$0	\$43,000
Cost Savings	\$287,000	\$109,000
TOTAL COST SAVINGS	\$1,366,000	\$809,000

In our opinion, the FMD should adopt and implement a replacement schedule of 4.5 years and 60,000 miles for motorcycles and replace unmarked police sedans using the same replacement schedule as the City’s vehicle fleet.

We recommend that the Fleet Management Division:

Recommendation #13
Replace unmarked police vehicles, excluding covert vehicles, using the same replacement schedule as the City’s general fleet. (Priority 2)

We recommend that the Fleet Management Division:

Recommendation #14

Adopt and implement a replacement schedule to replace patrol motorcycles using 4.5 years in service and 60,000 miles. (Priority 2)

CONCLUSION

The SJPD has recently implemented a cost savings program to optimize and balance vehicle use. The SJPD and SJFD can take further steps to ensure that the City rotates all public safety transport vehicles, and develops an appropriate replacement policy for unmarked police vehicles and patrol motorcycles. Doing so will help reduce replacement costs and make the City's public safety vehicle fleet more efficient and economical.

RECOMMENDATIONS

We recommend that the San José Police Department:

Recommendation #11 Continue its new vehicle rotation program and formalize it into a policy that applies to all SJPD vehicles. (Priority 2)

We also recommend that the San José Fire Department:

Recommendation #12 Implement a transport vehicle rotation program to balance usage and reduce the number of vehicles with low mileage. (Priority 2)

We recommend that the Fleet Management Division:

Recommendation #13 Replace unmarked police vehicles, excluding covert vehicles, using the same replacement schedule as the City's general fleet. (Priority 2)

Recommendation #14 Adopt and implement a replacement schedule to replace patrol motorcycles using 4.5 years in service and 60,000 miles. (Priority 2)

Memorandum

TO: Gerald Silva, City Auditor
CITY COUNCIL

FROM: Jose Obregon

SUBJECT: Response to Audit Recommendations

DATE: May 28, 2004

Approved

Ray Weiner

Date

6/1/04

The General Services Department has reviewed the final draft of "An Audit of the Utilization of the Transport Vehicle Fleet of the City of San Jose." We are in agreement with the recommendations of this report; however, there are some general findings and conclusions in the report where additional analysis needs to be performed as a prerequisite to final implementation. Where that is the case, those items are discussed in the Administration's response.

In support of the recommendations in the report titled "An Audit of the Utilization and replacement of the City's Metered Equipment" (Audit# 03-11), General Services has already taken action to address the recommendations in this report. In addition, General Services expanded its scope of involvement by examining, reviewing, and meeting with departments on their fleet utilization practices on an ongoing basis. General Services will incorporate the recommendations of this report in its internal analysis and review of utilization practices with emphasis on establishing a revised utilization policy that provides maximum flexibility and is in the best interest of the City.

Recommendation #1 City Manager:

Direct departments to assign sedans to employees who consistently drive over 9,000 miles per year and amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard.

The Administration agrees with this recommendation. The Administration proposes to establish a new policy that will clearly define mileage and usage standards, and establish them as the first threshold to be met in order to assign a City vehicle to an employee. We will analyze the break-even point (as recommended for the future in Recommendation #7) to determine whether the mileage standard is properly placed at 9,000 miles per year or at some other level. In cases where the break-even threshold is not met, a number of factors will be considered to determine whether a City vehicle should be assigned to an employee. Issues to be considered in that analysis might include, but are not limited to, the following:

- **Service considerations** – Having an employee use his/her personal vehicle should not create impediments to service delivery. City vehicles should be considered if a personal vehicle creates difficulty in transporting tools, equipment, materials, and other items

needed by an employee to perform his/her job or in the case that the personal vehicle is required to be driven on unpaved road or construction job sites.

- **Employee safety** – If an employee’s job involves dealing with the public in potentially dangerous or adversarial situations, there are advantages to having the employee arriving in a vehicle with City markings. Other factors to be considered here include whether employees’ attire could identify their City affiliation, and to what extent that might help promote safety as well.
- **Logistical considerations** – There are situations where vehicle pools can be designated at work sites where multiple employees who individually do not meet the mileage and usage threshold can collectively make the utilization of City vehicles a cost-effective strategy. We will analyze whether smaller pools of vehicles designated for work sites are practicable. A number of departments have begun to implement this strategy which may allow the retirement of some vehicles that are currently assigned.
- **Effects on employees** – The impact to individual employees will need further examination, but should not be discounted at this point. These effects must be taken into account so that the City is able to offer alternatives such as pooled vehicles and vehicle rotation systems.

It may not be possible to quantify and weight each of these factors precisely, but we will develop a procedure that explicitly requires their consideration prior to assigning vehicles to employees whose usage does not meet the mileage and hours of use standards.

Fleet Management’s goal is to identify the vehicle redundancies in the fleet and eliminate them while looking for other opportunities such as pooling, interdepartmental sharing, and alternatives to ownership (leasing, rental, and mileage reimbursement) to meet those lower use needs. Fleet Management is currently pursuing the elimination of 250 underutilized vehicles and equipment. This effort is being implemented strategically so as not to adversely impact the delivery of City services and to give departments the opportunity to reassign and increase utilization of remaining fleet resources. Vehicles and equipment identified as underutilized will be pulled from the assigned department’s inventory, assessed for need, and either assigned to “pool” duty or removed from the fleet and sold at auction.

In addition, 115 vehicles have been removed from the fleet by non-replacement. These vehicles have either reached their service life or have experienced major mechanical failure or accident damage. In line with replacement audit recommendations, the majority of these vehicles have not been replaced.

Finally, General Services and the affected departments will be addressing the viability of removing “transport” vehicles and utilizing mileage reimbursement as a means to achieve cost savings and further optimize fleet size. This analysis will take into account the fact that expanding the use of mileage reimbursement at the level mentioned in the audit (removing as many as 306 vehicles from the fleet and switching to mileage reimbursements for the employees currently using those vehicles) will cause the need for a commensurate expansion in monitoring and administrative activities, and introduces greater potential risks and vulnerabilities than those that currently exist.

We believe that implementing this policy will result in removing some vehicles from the fleet. However, taking into consideration the various factors mentioned in this response, it is very unlikely that the new policy will result in removing 306 vehicles, the maximum number suggested in the audit. As a result, we do not expect these changes to result in the level of maximum savings presented in the audit.

In order to properly develop a new policy that will contain clear and reasonable standards for determining to whom vehicles will be assigned, the Administration recommends that it be directed to produce a revised policy within 60 days, and begin implementation. A report could be provided at some point after implementation that would detail the number of vehicles removed from service and an estimate of the associated cost savings in various funds.

Recommendation #2 City Manager:

Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to actively manage the City's transport vehicle fleet.

The Administration concurs that the Fleet Management Division should be officially designated as the City entity that has the authority and responsibility to administer the City's fleet. The proposed shift in responsibility will not eliminate the communication with City departments to identify and support their critical program vehicle requirements. Fleet Management currently focuses on maintenance, repair and acquisition of vehicles and equipment. With this designation, Fleet Management will work closely with individual user departments to make decisions on fleet deployment, establishing utilization guidelines, and institute other controls as necessary to ensure consistency throughout the organization.

In alignment with this recommendation, the following steps will be taken:

- Fleet Management will work collaboratively with the City Manager's Budget Office, by way of the Vehicle Review Committee currently in place, to make fleet size and fleet replacement decisions. The Vehicle Committee is comprised of the Budget Director, the Deputy Director of General Services and the Fleet Manager.
- The Vehicle Committee will employ utilization analysis relative to the specific uses of equipment to establish utilization guidelines to ensure that equipment resources are used cost-effectively and efficiently.
- Fleet Management will procure, maintain and assign City fleet assets in the most effective manner to support City programs.

Recommendation #3 City Departments:

When appropriate, assign employees to park at the remote parking location that is nearest to the employee's primary work area and ensure that employees are parking assigned City vehicles at authorized remote parking locations.

The Administration agrees with this recommendation. Several departments are already working to implement the recommendation. Department heads will ensure that remote parking locations are assigned based on work areas and that employees do in fact park at those assigned locations.

Recommendation #4 City Manager:

Implement the City's policy to track 24-hour vehicle assignments and provide a complete list of authorized vehicles and employees to appropriate departments.

The Administration agrees with this recommendation. Departments will be asked to submit lists of their current 24-hour vehicle assignments for authorization by the City Manager's Office for review. The Manager's Office will then distribute a list of authorized vehicles and employees, and will ensure that the list is updated annually, in accordance with the procedure.

Recommendation # 5 City Manager:

Improve controls over the mileage reimbursement program to help ensure that mileage reimbursement forms are properly completed and contain accurate mileage.

The Administration agrees with the recommendation. The systems are in place to process mileage reimbursement requests; however, additional procedures to enhance controls will be developed. Increased administrative costs will result from the anticipated increased volume of mileage reimbursement requests due to Audit Recommendation #1.

Recommendation # 6 Finance Department:

Implement the City's policy to monitor the use of mileage reimbursement and ensure employees are not exceeding 750 miles per month.

The Finance Department agrees with the recommendation. Finance has created a report that will track and report employees who are paid in excess of 750 miles per month and a cumulative report tracking payments over 9,000 miles for a year from the payroll system where these payments are now made. These reports will be added to normal month end payroll processing with the May close of 2004.

Finance will also be reviewing and recommending changes to the City Administrative Manual Section 142.8 to incorporate current practices and needs for vehicle assignments as well.

Recommendation # 7 Fleet Management Division:

Periodically conduct a transport vehicle break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement.

Fleet Management agrees with the recommendation. As mentioned in the response to Recommendation #1, a break-even analysis will be conducted in conjunction with the development of a revised policy, and then periodically conducted. The break-even point would be one of the criteria in making the determination as to whether provision of transport vehicles or mileage reimbursement is selected, then other factors would be analyzed, as described in the response to Recommendation #1.

**Recommendation #8 City Manager's Office:
Establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee.**

The Administration agrees with the recommendation. This criterion would also be analyzed during the initial policy development, then periodically reviewed. As mentioned above, the mileage break-even point would become the first criterion in determining whether or not to assign a light truck to an employee, then other factors would be considered in cases where usage falls below that level.

**Recommendation #9 Fleet Management Division:
Review the City's fleet of specialized vehicles to determine the most cost-effective complement of vehicles.**

Fleet Management Division agrees with this recommendation and is currently working with departments to review their entire fleet of vehicles and equipment to identify candidates that are most cost-effective for the City to retain, retire, redeploy, or assign to a pool making them available to all City departments. Further analysis is required to identify potential reductions or redeployments. The National Association of Fleet Administrators (NAFA) and the American Public Works Association (APWA) have noted that, since cities are driven by the "service-on-demand expectations of the community, they cannot focus only on cost effectiveness. All City programs must address quality, timeliness, and customer satisfaction of services provided, as well as the cost of those services. Fleet Management anticipates that optimizing the fleet complement will be an ongoing challenge and a priority of the Division given that the optimal fleet complement is dynamic based on the programmatic needs of the City and the levels of services delivered to the community.

**Recommendation #10 Fleet Management Division:
Remove from the City's fleet and sell at auction those transport vehicles that do not meet the City's annual mileage criteria and do not serve a special purpose or are otherwise not exempt.**

Fleet Management agrees with the recommendation. As mentioned in the response to Recommendation #1, a new policy will be established that sets a mileage threshold and defines a number of other factors to be considered in the assignment of vehicles. Again, the Administration anticipates that the number of vehicles removed from the fleet will be smaller than the maximum number presented in the audit, thereby resulting in less savings. No vehicles are recommended to be removed from the fleet before Fleet Management completes its current review of departmental transportation requirements, based on a determination of program needs.

This approach prevents the removal and sale of vehicle assets that may be deemed critical to service delivery and will ensure that departments are provided an inventory of vehicles and equipment that align with and support department program goals.

Recommendation #11 SJPD:

Continue its new vehicle rotation program and formalize it into a policy that applies to all SJPD vehicles.

The Police Department agrees with the recommendation. It is now the Police Department's policy to place a new marked vehicle within a high mileage beat in order to maximize the utilization and value of the manufacturer's warranty. The intent is to place new model year vehicles into high-mileage beats to surface and correct any mechanical failures while the vehicles are still under warranty, thus minimizing maintenance costs. Vehicles are to be placed into low-mileage beats in the latter part of their life cycle. In addition, by following this policy, the Department will better align replacement years with replacement miles.

Recommendation # 12 SJFD:

Implement a transport vehicle rotation program to balance usage and reduce the number of vehicles with low mileage.

The Fire Department agrees with the recommendation to rotate transport vehicles to balance usage and reduce the number of vehicles with low mileage. The Fire Department will adopt the system used by the Police Department to manage this process. Fire staff began meeting with Police staff in May 2004 to conduct fact-finding and begin planning to implement the system at Fire. The Police model for vehicle rotation will be in place by September 2004.

Data provided by Fleet Management was used to identify underutilized vehicles, resulting in the elimination of 16 transport vehicles and one work truck. This process also resulted in a limited rotation of vehicles as some reassignments were made to accommodate those reductions.

Recommendation #13 Fleet Management:

Replace unmarked police vehicles, excluding covert vehicles, using the same replacement schedule as the City's general fleet.

Fleet Management and the Police Department agree with the recommendation. The operational vocation of these vehicles is different from a standard transport vehicle as stated below:

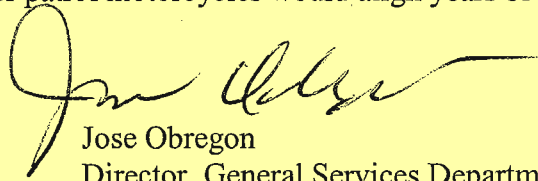
- Unmarked police vehicles are subjected to wear and tear unlike the typical passenger vehicle in the City fleet
- Unmarked police vehicles respond to scenes in a Code-3, high-speed fashion and in some cases are involved in vehicle pursuits
- Unmarked police vehicles are used extensively in "rolling" surveillances, which involve going repeatedly from idle to high-speed (for tailing) for long hours

Analysis will be conducted to determine if the extended service time can be applied to the unmarked police vehicle fleet without adversely impacting enforcement and emergency response activities.

Recommendation #14 Fleet Management:

Adopt and implement a replacement schedule to replace patrol motorcycles using 4.5 years in service and 60,000 miles.

Fleet Management and the Police Department agree with the recommendation. Adopting the recommended replacement schedule for patrol motorcycles would align years of service with the average miles driven per year.



Jose Obregon

Director, General Services Department



APPENDIX A

DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The City of San Jose's City Administration Manual (CAM) defines the classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

Priority Class¹	Description	Implementation Category	Implementation Action³
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring. ²	Priority	Immediate
2	A potential for incurring significant fiscal or equivalent fiscal or equivalent non-fiscal losses exists. ²	Priority	Within 60 days
3	Operation or administrative process will be improved.	General	60 days to one year

¹ The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number. **(CAM 196.4)**

² For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of \$25,000 or more to be involved or for a potential loss (including unrealized revenue increases) of \$50,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens.
(CAM 196.4)

³ The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration.
(CAM 196.4)

APPENDIX B

ADMINISTRATIVE MANUAL City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 1 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

142.1 PURPOSE

To establish the policy and procedures for use of City or privately-owned vehicles to perform City business. The provisions relating to City-owned vehicles apply to all passenger vehicles including those at the Municipal Garage, Public Works, and Fire Department. This procedure applies to all City employees.

142.2 POLICY

It is the policy of the City to provide City employees with a City vehicle of the type required or to reimburse employees for use of privately-owned vehicles when such vehicles are authorized for use by an employee to conduct City business. Conversely, it is not intended that a City vehicle be provided for conducting personal business nor that employees be reimbursed for using their vehicles on non-City matters. Need for a vehicle is established based upon the type of work performed and the intended utilization of a vehicle.

142.3 TRANSPORTATION AVAILABILITY

Six types of transportation are available to City employees for use on City business:

- a. City-owned vehicles assigned from the pool on a trip basis for intermittent or casual mileage.
- b. City-owned vehicles assigned on a full working day basis.
- c. City-owned vehicles assigned on a permanent basis.
- d. Employee-owned vehicles (mileage reimbursement provided).
- e. Authorized emergency transportation by private car or taxicab.
- f. City-owned fire apparatus, police emergency or other special purpose vehicles.

142.4 CITY DRIVING REQUIREMENTS

A. CITY-OWNED VEHICLES

1. City Employees who operate City-owned passenger and non-emergency vehicles must meet the following conditions:

ADMINISTRATIVE MANUAL
City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 2 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

- a. Possess a valid California State Driver's License and a current City Driving permit.
 - b. Have an approved "Employee Transportation Request" (Form 100-39) on file granting employee transportation authorization.
2. City departments which use special purpose vehicles such as fire apparatus and police emergency vehicles will maintain and comply with internal driver training requirements.
 3. Completion of the City's Defensive Driving Course is not required of employees who successfully completed formal training and are qualified to drive special purpose vehicles. Such employees may be issued City Driver's permits at the discretion of the City Safety Officer or the person acting in this capacity.

B. PRIVATELY-OWNED VEHICLES

City employees authorized to operate privately-owned vehicles within the scope of their employment are governed by the following conditions:

1. Only 4-wheeled motor vehicles shall be used in this capacity.
2. Motorcycles, motor scooters, bicycles and similar 2- or 3-wheeled mechanical conveyances will not be used unless specifically authorized by the City Manager.
3. Employee must have a valid California State Drivers License and a current City Driving Permit.
4. Employee must provide proof of coverage, and maintain in force, a valid insurance policy to minimum limits of \$25,000/\$50,000 bodily injury and \$10,000 property damage liability. An employee involved in an accident while driving a private car on City business which is not covered by this minimum required insurance protection is subject to suspension for a period not to exceed one month.
5. Employees who, at their discretion, elect to use a privately-owned vehicle on City business without having been duly authorized such use must (1) meet the insurance and driver's qualifications cited in item 5 above, and (2) may not claim mileage reimbursement in such cases.
6. Have an approved Employee Transportation Request (Form 100-39) on file granting employee transportation authorization.

All City employees authorized to use private vehicles on City business may be reimbursed for such use.

ADMINISTRATIVE MANUAL
City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 4 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

142.5 STANDARDS FOR ASSIGNMENT (Cont'd)

- a. Employee is required to be on emergency standby duty (subject to call back). Identification of such emergency standby duty by departments shall be approved by the City Manager on an annual basis.
- b. Employee requires a certain specially-equipped emergency vehicle, such as Police or Fire, upon specific request, and annual authorization by the City Manager.
3. Employees subject to emergency calls during off-duty hours will normally be expected to use their own car or taxicab service (if authorized by the City Manager), and will be reimbursed for such expense.
4. The following shall maintain current lists of positions and personnel assigned 24-hour vehicles for which coordination and control of the vehicles is their responsibility. The assignment of these vehicles must satisfy the conditions specified in paragraph F. 2 above.
 - a) The Director of General Services
 - b) The Fire Chief
 - c) The Director of Aviation
 - d) The Director of Water Pollution Control
5. All lists of positions and personnel assigned a 24-hour vehicle shall be approved annually by the City Manager, with a copy of the approved listing sent to the Director of OMB by January 15th each year.

142.6 EMPLOYEE TRANSPORTATION AUTHORIZATION

- A. The Employee Transportation Request (Form 100-39), when approved, authorizes City employees to use City-owned vehicles while engaged in City business.
- B. Employees who require a change in the type of transportation authorized must prepare and submit an Employee Transportation Request (Form 100-39) to their department head. This form must contain justification for the type of transportation requested.
- C. When an employee's assignment is significantly changed and the department head determines that a change in type of transportation is required, a new Employee Transportation Request must be submitted. If an employee's request is for a change from mileage reimbursement, an additional copy of this request will be sent to Finance for cancellation of payment authority.

ADMINISTRATIVE MANUAL
City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 5 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

D. An employee transportation authorization may be cancelled by the employee's department head or by the City Manager or his designee by written notification to the Vehicle Maintenance Division and the Finance Department. This will be done whenever such authority is no longer applicable, i.e., when an employee terminates.

142.7 AUTHORIZATION PROCEDURE

The following procedure applies to obtaining authorization to use a City or privately-owned vehicle on City business:

RESPONSIBILITY	ACTION
Employee	<ol style="list-style-type: none"> 1. Complete Employee Transportation Request (Form 100-39). Indicate the type of transportation required, including justification for such type. 2. Provide proof of insurance by producing a copy of the policy or a statement of insurance coverage showing the policy number, expiration date, and liability coverage for privately owned vehicle(s) which would be used on City business.
	<p>NOTE: City employees who operate City or privately-owned vehicles in the conduct of City business must possess a valid California Drivers License, a current City Driving Permit, and have an Employee Transportation Request approved and on file. The employee is also required to maintain adequate insurance coverage when using a privately-owned vehicle in the conduct of City business (see Section 142.4).</p>
Supervisor	<ol style="list-style-type: none"> 3. Forward request to supervisor. 4. Verify information on Drivers License, City Driving Permit, and insurance. 5. Sign Transportation Request and forward to Department Head.
Department Head	<ol style="list-style-type: none"> 6. Review request and, if approved, proceed in accordance with the applicable subsection (a, b, or c) outlined below:

ADMINISTRATIVE MANUAL
City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 3 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

142.5 STANDARDS FOR ASSIGNMENT

To determine the type of transportation to be assigned, the following basic criteria should be considered:

- A. It is desirable to have employees of an occupational group or groups with similar transportation needs assigned the same type of transportation.
- B. Employees whose need for a vehicle is casual or intermittent (one-trip basis) will use City vehicles assigned from the pool.

NOTE: Maximum use of pool cars is essential for efficient pool operation. Therefore, vehicles must be returned to the pool when the employee returns to the pool area and use of the car will not be required for an extended period of time during the day.

- C. Employees who require a vehicle for the greater part of a workday will:
 - 1. Be granted authorization for mileage reimbursement provided they do not require special equipment and their particular job duties and transportation needs do not require a City-owned vehicle.
 - 2. Be assigned a City-owned vehicle for use on a full-working-day basis.
- D. Assignment of eight-hour sedans will be limited to those individuals who consistently drive more than 750 miles per month on City business and are away from their primary duty stations more than four hours a day.
- E. City-owned vehicles on a full-working-day basis are allowed under the following circumstances:
 - 1. When a special purpose vehicle is required.
 - 2. When an employee's job duties and mileage indicate that a City-owned car is in the best interest of the City.
 - 3. When an employee must drive consistently during the month and requests this option (subject to the availability of sufficient pool cars).
- F.
 - 1. Incumbents of Director/Department Head positions and other selected positions as designated by the City Manager are authorized the use of a City vehicle on a 24-hour basis.
 - 2. In addition, employees may be authorized the use of City vehicle on a 24-hours basis if the following conditions apply:

ADMINISTRATIVE MANUAL
City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 6 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

- a. Use of private vehicle is approved:
 - (1) Sign Transportation Request; check "Not Required" block in City Manager Approval section.
 - (2) Return a duplicate copy of approved Employee Transportation Request to the employee.
 - (3) Route original Employee Transportation Request to Finance Department for reimbursement authority.

- b. Use of a City-owned vehicle on a trip basis is approved:
 - (1) Sign Transportation Request; check "Not Required" block in City Manager Approval section.
 - (2) Return a duplicate copy of approved Employee Transportation Request to the employee.
 - (3) File original Employee Transportation Request.

- c. Use of a City-owned vehicle on a full-working-day basis is approved:
 - (1) Sign Transportation Request.
 - (2) Forward request to the Director of General Services for review and authorization.

Director, General Services

7. Check type of transportation approved on Form 100-39 and sign request in City Manager Approval section.

8. Return original and duplicate copies of Employee Transportation Request to requesting department.

Requesting Department

9. Receive approved Employee Transportation Request from Director of General Services.

ADMINISTRATIVE MANUAL
City of San Jose

Subject: EMPLOYEE TRANSPORTATION	Page 7 of 7	Section Number 142
	Effective Date 07/01/75	Revised Date 01/09/85

10. Return a duplicate copy of Employee Transportation Request to employee.
11. Route original Employee Transportation Request to the Vehicle Maintenance Division for authority to issue such vehicle.

142.8 MILEAGE REVIEW FOR CONFORMANCE TO STANDARD

Each January the Finance Department will review private vehicle reimbursement claims and list those employees whose monthly mileage during the past three months has consistently been in excess of 750. This list will be the record of all assigned City-owned or leased vehicles. If, in the opinion of the Finance Department, a change in type of transportation is justified, such recommendation should be made to the City Manager's Office for final action.