

MEMORANDUM

To: Marianne C. Walsh, LRB-Fiscal Review Manager

From: Mark A. Ramion, Fiscal Review Analyst, X8680

Re: Blosser DPW Fleet Study

March 22, 2005

Per your request, I am providing a synopsis of the preliminary Fleet Manager Study prepared by the City of Milwaukee DPW-Operations, Fleet Services dated March 4, 2005. As you know, this report has not been accepted as final by DPW management. Additionally, the principal author of the report, Daniel Blosser, Fleet Services Manager, was terminated from city employment (probationary period) effective March 15, 2005.

The "Blosser DPW Fleet Study" contains the following elements:

1. ***Parking Ramp Survey***

- A snapshot look of vehicles parking in the Municipal Building's parking areas over a three-day over two weeks in January 2005 period.
- **Conclusion** – Collective use of the vehicles was 26.3%.
- **Recommendation** – Low-use vehicles should be identified. Create a passenger vehicle pool for general, rather than exclusive usage; initiate a flat monthly vehicle allowance to compensate SG 13 and above employees for use of their private autos and who currently have a low usage record of city-owned vehicles. This would need to be determined on a case-by-case basis.

2. ***Passenger Vehicle Mileage***

- Benchmark of 3,600 miles per year or 300 miles per month was used to determine low-usage vehicles with police, parking checker jeeps and non-passenger vans excluded. 151 out of 469 passenger vehicles have less than 3,600 miles per year.
- **Conclusion** – 32% of the existing passenger vehicles in the city fleet cannot meet the 3,600 miles per year standard.
- **Recommendation** – Benchmark of 3,600 miles per year should be established as a guideline for the assignment of personal use vehicles with exceptions granted on a case-by-case basis. This benchmark is based on a survey of other municipalities. This benchmark is to apply not only to personal use vehicles but also to all city-owned passenger vehicles as a guide to reduce the size of the fleet.

3. ***Ending of Fleet Additions***

- "Fleet creep" occurs when an old vehicle is not turned in upon its replacement by a new unit resulting in an increase to the size of the fleet.

- **Conclusion** – In a four-year period, generally 2001-2004, 79 motor units have been added to the fleet. Fleet maintenance needs to keep repairing these older motor units at added expense, as older units require more maintenance.
- **Recommendation** – Identify units that have been replaced yet still remain in the fleet and sell as surplus equipment. Surplus revenue upon sale of these units is estimated at +\$100,000.

4. ***Equipment Downtime and Surplus***

- Emphasize proactive maintenance on vehicles and other motor equipment. The current surplus of equipment currently masks downtime but the cost of keeping the surplus creates an additional expense.
- **Recommendation** – Identify downtime on different classes of equipment and tailor the surplus without affecting the performance of the fleet. 111 pieces of equipment in the current fleet are identified as surplus equaling \$5.3 million in replacement funds.

5. ***Mechanic's Productivity***

- In August 2004, a study was conducted to detail the hours of work submitted by each mechanic and supervisor at the Central Garage.
- **Conclusion** – Mechanics operated at 83.9% productivity with the maximum achievable workforce productivity at 93.75%. In this time period of August 2004, mechanics at the Central garage operated with a 9.85% loss of productivity.
- **Recommendation** – Fleet Services should undertake actions and programs to reduce the productivity gap, including greater and closer supervision.

6. ***Rising Fuel Costs***

- Cost overruns for fuel are related to under-budgeting the account. Realistic budgeting for fuel should be conducted for future budgets.

7. ***"Green" and Diesel Engines***

- New fuels allow diesel engines to burn cleaner.
- **Recommendation** – the City should initiate efforts to pilot the use of these new fuels. A greater fuel cost will be incurred but the clean-burning fuel will reduce engine maintenance needs.

8. ***Refuse Trucks and Salter/Plow Trucks***

- These two classes of trucks are vital to the city fleet. With this fact, 25 of 133 "flipper" refuse trucks are 18 years or older. 38 of 117 salter/plow trucks are older than 12 years. Maintenance and operation exceeds the cost of replacement.

- **Recommendation** – Fleet should replace as many of the old refuse and salter/plow trucks as possible during the next three years. Newer trucks, better performing, would decrease downtime and decrease the need for a larger fleet.

9. *Preventive Maintenance*

- Expand the current preventive maintenance program to include more details for a more comprehensive approach to maintenance.
- **Recommendation** – Transition Fleet Services from a repair-oriented mode to a primary preventive maintenance operation with a deeper program to promote equipment reliability.

10. *Multi-Year Equipment Replacement Schedule*

- Approximately \$69 million is due or past due in 2005 for equipment replacement. Additionally, over the next 16 years fleet equipment replacement cost projections approximate \$296.9 million with a 3% inflation rate per year built in. This amount averages \$18.6 million per year over the next 16 years. This amount does not include capital replacement funds that are requested for Fleet each year in the budget process. It is maintained that reducing the fleet size and removing the old units from service will assist in reducing replacement cost over the long term.

11. Addendum is attached to the main report that includes a planning document related to a proposed equipment replacement schedule, raw data related to the parking ramp survey and mechanic productivity, a survey of other municipalities related to fleet issues, and a listing of fleet contact persons in municipalities throughout the United States.

Please contact me if your need any further information.