

## MEMORANDUM

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

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

Re: DPW Fleet Study Response, Council File 050044

May 16, 2005

Per your request, I am providing a synopsis of the Department of Public Works (DPW) response (Report 1), Council File 050044, to the City of Milwaukee Comptroller's Audit of the city fleet. The Comptroller's audit is dated August 2004 and is Council File 040738.

Additionally, DPW's response addresses the recommendations formulated by Daniel Blosser, former Fleet Services Manager, who was terminated from city employment (probationary period) effective March 15, 2005. At that time, DPW did not accept the Blosser Report (dated March 4, 2005) as final. The Blosser Report is not considered a "final" document; however, DPW does respond to recommendations (Report 2) forwarded by Daniel Blosser. The Blosser Report was accepted and placed on file by the Public Improvements Committee.

### **Report 1 – Response to the Comptroller's Audit**

1. Assign DPW Fleet Services full authority to manage the City of Milwaukee' fleet.

DPW's response notes that this will need to be a policy decision (Common Council and Mayor) that will most likely incur costs related to accounting system updates, the creation of new reports and the need for enhanced computer software and hardware. DPW states that more staff (unspecified but, most likely both clerical and maintenance) will likely be required to manage a new system. This response also points out various pros and cons but DPW iterates that, based upon whatever policy decision is made, it will work with the appropriate city staffs for the long-term interests of the city. *This response carries no immediate action by DPW.*

2. Survey fleet management practices of comparable organizations.

A survey of 20 cities was conducted in early 2005 as part of the Blosser Report. DPW considers the findings of this study inconclusive as several cities surveyed had lower populations and fewer square miles than Milwaukee. DPW, however, concludes that it has been following the norm of the group surveyed. *This response concludes with DPW wanting to identify and benchmark with cities more comparable to Milwaukee. No time line was set for this study.*

3. Develop a Vehicle Usage Policy and Procedure Manual

A manual has been developed (April 29, 2005) and includes pertinent sections of the Milwaukee Charter and Code of Ordinances, DPW Policies and Procedures related to the operation of city vehicles (Revise January 1, 2005) and the DPW Buildings and Fleet Division Fleet Safety manual (October 4, 1996). *This manual is to be updated and distributed to all departments by August 2005. Additionally, DPW has issued utilization reports for one year and an average usage of their respective vehicle for three years.*

4. Conduct a study to reduce the fleet size for the 2006 budget.

The passenger vehicle utilization report was sent to all departments with a recommendation to turn in all underutilized (less than 300 miles/month, 3,600 miles/year) vehicles. A pool of available autos will be adjusted to meet user needs. To date, 104 passenger vehicles have been identified for disposal at an upcoming auction. Heavy equipment will be scrutinized and placed into categories of condition as well as usage, age and seasonal needs. *DPW will create affordable replacement cycles in collaboration with the budget office. Only critical and the most appropriate equipment will be requested for 2006. No particulars are specified at this time.*

5. Prepare an Annual Fleet Management Utilization Report to the Mayor and Common Council.

*DPW will report on the previous years' (January 1-December 31) utilization to the Mayor and Common Council by August 1 of each year. A Common Council resolution to outline and stipulate the requirements for this report may be helpful in clarifying Council interest and expectations.*

6. Implement minimum mileage and preventive maintenance policies.

DPW staff is in the process of reviewing existing preventive maintenance procedures and will issue a report. This report and a new preventive maintenance manual will be issued by June 30, 2005. *DPW will transmit expectations for preventive maintenance to affected city departments. DPW does not maintain fire department and DCD vehicles. DPW offers advisory service to the police department and maintains data but preventive maintenance for police vehicles is conducted by the private sector.*

7. Charge vehicle usage at full cost, including depreciation.

DPW welcomes any new suggestions for charging departments for vehicle usage. Current methods for billing have been approved by the budget office and the Comptroller. *DPW would like further meetings with the budget office,*

*Administration and city departments are to determine if the current system should be changed or modified in any way.*

8. Examine vehicle repair and downtime data.

*DPW will prepare an annual report measuring fleet availability and downtime. Fleet Anywhere management software will be evaluated and enhanced in order to better evaluate downtime data. No timeline was reported for this evaluation and enhancement process.*

9. Explore personal vehicle reimbursement and leasing alternatives.

*The DPW commissioner has established a new take-home vehicle policy. DPW Senior managers SG 14 and above will no longer be assigned personal city vehicles. All DPW managers with significant field responsibilities will maintain the use of a vehicle for business only. Use of the vehicle for commuting will be discontinued. Certain exceptions apply related to snow and ice duties, 24/7 on-call duties and when case-by-case circumstances occur. DPW examined the possibility of leasing about 5 years ago and determined this was not considered economical. DPW does not indicate whether it will study the leasing issue again.*

10. Consider separate fleet budget.

*Fleet was combined with facilities in 1996 in order to reduce administrative overhead. DPW indicates that if a policy decision is made to separate the Fleet budget, it will work with the appropriate city staff to modify the system.*

11. Standardize and document vehicle maintenance.

*This recommendation has been implemented. Maintenance is standardized, particularly on the preventive level.*

12. Develop and report fleet management indicators.

*DPW indicates that it is using the Fleet Anywhere management software to capture repair and use data. DPW recommends that a city team of representatives from the budget office, Comptroller's office and Fleet be formed to evaluate and decide upon what performance measures to capture and to determine how this data can be obtained and system implemented.*

## **Report 2 – Response to the Blosser Report Recommendations**

1. Establish a passenger vehicle usage benchmark of 300/miles month, 3,600 miles/year and reduce the fleet accordingly.

DPW has established this recommendation. 104 vehicles have been identified as underutilized and will be auctioned.

2. Require that all city motor equipment be purchased through Fleet Services in order to enhance accurate record keeping.

DPW manages the purchase of all vehicles except for the fire department and DPW. DPW purchases police vehicles (not motorcycles) without decision over the specification. DPW states that further centralization will require additional resources for record keeping, preparation of specifications, maintenance of performance indicators, replacement schedules and billings. DPW believes that further centralization would not be cost-effective and would decrease flexibility for purchases related to specific service functions within the city. *DPW will work with other city staff if the policy decision is made to consolidate the system and increase the centralization of vehicle purchases.*

3. Sell under-utilized surplus equipment.

104 vehicles are identified for auction. Forty pieces of equipment with a minimum replacement value of \$50,000 were identified as surplus related to replacement equipment put into service. DPW is attempting to address “fleet creep.” The identified equipment will be auctioned. *DPW will continue the evaluation process with heavy equipment where utilization has decreased or poor condition necessitates its elimination.*

4. Lower the age of refuse-flipper trucks.

Since 2000, 48 new flipper trucks have been purchased with 10 more funded in 2005. *DPW emphasizes the new replacement purchase policy of capital funding for +\$50,000 equipment. No comment is made as to any deficiency with the purchase policy or the issue as to whether the flipper trucks have or have not been replaced on an appropriate basis.*

5. Reduce the number of take-home vehicles.

The DPW commissioner has instituted a new policy reducing the number of year around take home vehicles from 75 to 9 and 25 seasonally.

6. Establish a vehicle pool to serve multiple department/divisions.

The formation of a vehicle pool at the Zeidler Municipal Building (ZMB) is underway. This pool will be designed to accommodate departments that have turned in underutilized vehicles. Daily use will be monitored and the pool of autos will be adjusted as needed. A single pool will be established for all sections at ZMB rather than a pool based upon individual sections.

7. Reduce the salter/plow trucks by 14 old units.

DPW accounts for a variance because of the approximately year's time that it takes to put a new unit into service. Older trucks must be kept until the new unit is available. *DPW believes that the Blosser Report did not take into account the older trucks that will be auctioned as well as the need to keep older vehicles until the new ones are prepared.*

8. Establish a damage and abuse program and charge the user department appropriately.

DPW reviews damages through a committee process to determine whether the damages were avoidable or not. The committee makes a recommendation to the department as to whether discipline is warranted. *Departmental budgets are not funded for abnormal wear and tear. DPW assumes the cost for all repairs.*

9. Install hour meters on all trucks and equipment above two tons.

All new heavy equipment comes with an hour meter. 95% of this equipment already has an hour meter. DPW has a team in place to install hour meters in the remaining equipment.

10. Reduce overtime at Fleet Services by 25% over the next 12 months.

DPW is currently analyzing overtime charges in conjunction with the 2006 fleet utilization plan. *DPW believes that most of the overtime is attributed to the aging fleet. Overtime for snow and ice is not separated from other overtime.*

11. Enhance preventive maintenance programs to reduce unscheduled maintenance by 10% over the next two years.

A new standardized procedure is in place.

12. Maintain a multi-year replacement schedule to even the annual budget for equipment replacement.

DPW will continue to work with the budget office to develop and maintain an appropriate replacement schedule and will test fleet replacement software to work with system data.

13. Establish a flat monthly vehicle allowance of \$275/month to assist in eliminating take-home vehicles.

The DPW commissioner's new policy does not include an allowance and none is being considered at this time.

14. Consolidate all equipment into one department.

This is a policy decision that will be considered by DPW if changes are made to the current one.

15. Decal and number all city equipment.

DPW maintains that all equipment is currently decaled except for 9 out of town pool vehicles, department head vehicles and surveillance police vehicles.

16. No department should keep a piece of equipment that has been replaced.

DPW agrees with this recommendation. *DPW will review all equipment and will identify further surplus by 2006.*

17. Establish a Fleet internal service fund to accurately keep funds separate.

This is a policy decision that will most likely incur expense related to new computer equipment needed for monitoring as well as additional staff. If a policy decision is made to centralize or separate fleet operations further, DPW will work with the appropriate city staff to modify or change the current system.

18. Accurately budget for the cost of fuel.

Problems exist in the time of year that fuel is budgeted (April) for the next year. *DPW, for 2006, has used a Department of Energy forecasting model for fuel. The requested fuel budget for 2006 will indicate a 61.5% increase over 2005.*

Please contact me if you need any further information.