Report "one"

Recommendations from Comptroller's Audit Dated August 2004 That Need Response by DPW to Comply with CC File 040738

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

Currently, DPW-Fleet is responsible for maintaining and servicing the DPW fleet (including the Water Works). Fleet Services also provides services to the Police Department, Milwaukee Public Library, Police Department, Sewer Fund, Water Works, and the Parking Checkers are billed for any services provided. Fire Department and DCD act independently.

Changing the current system to include additional departments is expected to result in an initial cost to enter data, creation of new reports, accounting system enhancements, possible costs to expand the fleet management system and the computer hardware.

It is to be pointed out that in early and mid-nineties, Fleet Services which was then called "Municipal Equipment" was an Internal Service Agency. The concept was changed in the late nineties and an operating division was created with an intent to reduce accounting and billing costs. Managing the City's fleet from one central department would require a consolidation to create a new reorganized accounting and support system. Additional staff would be required to manage the system, even though repair and maintenance work could be carried on at various garages.

If a policy decision is made to increase the centralization of the City's vehicle purchasing function, DPW will work with the Comptroller's Office, the Department of Administration, and any non-DPW agencies to deliver cost effective services and to support the long-term interests of the City.

To Centralize or Decentralize

Centralization Rationale
- One platform type (hardware, database and software) and vendor makes it easier to maintain and provides one source accountability
- Access to all personnel, all locations
- All personnel on same "sheet of music"
- One time data entry input
- Upgrades easier to complete
- Eliminates duplication and lessens "silo" effect, particularly if implementation is planned well

Pitfalls
- Being all things to all people, is this really possible?
- Prioritization issues (what should be first, second, etc?)
- Time to implement very long

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- Very expensive
- Human resource expense very high
- Compromises by all results in no one getting what they really need

Rationale for Decentralization
- Program better fits operational needs
- Less expensive
- Faster implementation
- Promotes ownership of information and resulting accountability
- Easier to customize
- Benefits of "off the shelf", many other people using same software

Pitfalls
- Definition of interfaces sometimes difficult
- IT expertise and cooperation
- Vendor stability

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2.   Survey fleet management practices of comparable organizations.

A survey was undertaken in early 2005 and information collected from 20 cities. Some municipalities only provided partial data. The following represents a brief summary of findings:

- Of the 20 respondents, half represented much lower populations and smaller square mile areas. Population range 166,179 to 950,000 and areas 25 sq. miles to 500 sq. miles.
- Certain key information was not provided
- Survey data did not provide conclusive guide for best management practices
- It was not clear if the labor rates were fully burdened or included all indirect costs
- Based on the thirty-four questions asked, Milwaukee Fleet was found to be in agreement with 23 practices, or in other words operated similar to a majority of the respondents
- Survey provided help in determining that vehicles with less than 3600 miles/year should be considered underutilized based on city area served

Survey was considered not conclusive, although Milwaukee Fleet was found to be following the norm of the group surveyed. In coming months, we plan to identify cities that match up best with Milwaukee Fleet Operations and further investigate benchmarking opportunities. (Survey attached/ See exhibit B&C)

3.   Develop a Vehicle Usage Policy and Procedure Manual.

The department has recently developed a passenger vehicle usage policy and guideline. The department issued utilization reports to all departments for a period of one year and an average usage for three years. (See exhibit D)

Fleet service has collected all available policies and safety procedures called   "Policy and Procedure Manual". This manual is being reviewed by fleet management and is in the process of being updated. The revised manual will be available and distributed to all user departments by August 2005. Department will review usage criteria annually. (See exhibit E).

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

A passenger vehicle utilization report was sent to all departments with a recommendation to turn in all underutilized vehicles. The central pool of cars located at the Municipal building Garage in the Upper Parking is being adjusted to meet the additional needs of the users. Similarly, the passenger vehicle pool at the central garage has been strengthened to assist user departments in case of emergencies or to ensure that the drivers with long term repair needs are not kept waiting.

As of April 26, 2005 one hundred and four passenger vehicles have been identified as surplus inventory for disposal at the upcoming auctions.

Vehicles and equipment previously replaced but not turned in for disposal (creep vehicles) were identified and user departments have been asked to turn these surplus equipment to the fleet department for disposal.

All heavy equipment will be reviewed by placing them in major categories. Utilization, Age and seasonal needs will be analyzed. Proper quantity will be determined and equipment considered surplus will be sold thereafter using procedures to maximize salvage value. (Sample of one category of trucks attached) (See exhibit F)

Affordable replacement cycles will be created in co-operation with the budget office and the most appropriate and critical equipment will be requested for purchase in 2006.

5. Prepare an Annual Fleet Management Utilization report to the Mayor/CC.

A previous year's utilization report will be submitted to the Mayor/CC by August First, Annually. A sample report is attached. The report will cover a period of January 1st of the previous year to December 31st. (See exhibit D)

6. Implement minimum mileage and preventive maintenance policies.

An internal staff team is in the process of reviewing existing preventive maintenance procedures and developing a report. This report and the new preventive maintenance manual will be completed by June 30, 2005. The manual will include preventative maintenance check sheets, procedures and policies based on minimum mileage/ engine hours and the type of usage. A copy of this manual will be issued to all user departments so that they understand their responsibility of making vehicles available on a timely basis for the needed preventive maintenance. A report will be produced

annually to evaluate PM program compliance rate. Fleet anywhere system will need to be enhanced to produce crystal reports.

Once a new fuel management system is installed, fuel system will be utilized to trigger PM frequency based on utilization. The current fuel system does not communicate well with the Fleet Anywhere information management system.

Currently fleet service handles preventative maintenance to most departments but not all. Fleet has no authority over Fire Department and DCD owned vehicles. Fleet offers advisory service to the Police Department and provides data for all police vehicles. Preventative maintenance for Police Vehicles is performed by the private sector.

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

Fleet service has undergone various accounting procedures and methods to charge user departments and funds. We would welcome any suggested changes to these procedures as approved by the budget office and the comptroller's office. DPW will work with Budget office, Administration and any affected department or agencies to determine if modifying the current system is in the best interest of the city.

8. Examine vehicle repair and downtime data.

An annual report measuring Fleet availability and Downtime will be prepared and available to evaluate the overall readiness and fleet program effectiveness. Since keeping vehicles on the road is the essential purpose of a fleet service organization, the rate of fleet availability is perhaps the king of all fleet program performance measures. The fleet availability performance by a class of vehicles (such as police squad car, refuse truck etc.) will be captured and analyzed using established targets for each class. Age of the fleet and the mix of the vehicle types will have a major impact on the performance that the fleet service organization can attain. Staff will be working with Maximus Company to evaluate and enhance Fleet Anywhere information management software.

9. Explore personal vehicle reimbursement and leasing alternatives.

The Commissioner of Public Works has established a new take home vehicle policy. DPW staff, who no longer has assigned vehicles, will have the authority to obtain reimbursement. (Take Home policy, see exhibit G)

Vehicles may be rented to meet seasonal needs.

Leasing of vehicles was evaluated about 5 years ago and not considered economical. This option has not been studied recently.

10. Consider separate fleet budget.

Fleet Services are budgeted as a single BCU. In 1996, Fleet was combined with Facilities section to reduce administrative overhead. If, the policy decision as suggested in response to Q.1 is implemented, DPW will work with Budget office, Administration and other non-DPW agencies to help modify the budget reporting system.

11. Standardize and document vehicle maintenance.

As suggested by the audit, this item has already been implemented and the vehicle preventative maintenance procedures are now standardized. The mechanics and technicians for the heavy equipment maintenance and light vehicle maintenance use a standardized approach in performing preventative maintenance and fill out check sheets after completing maintenance. (Preventive maintenance checksheets attached. (See exhibit H)

12. Develop and report fleet management indicators.

As fleet operations are being asked to perform to a higher standard of efficiency, fleet performance and management indicators become key to achieving the needed results. Fleet Anywhere (fleet management software) is being utilized to capture repair and use data.

To monitor financial and operational performance indicators, enhancements will be required to FA (fleet anywhere) system. In addition, payroll information could be obtained from the FMIS to work hand in hand with the FA in creating the reports. Attached, please find a report "TOP 10 PERFORMANCE MEASURES" as advocated by the American Public Works Association. A nationally recognized team of fleet

mangers, including some that serve on the National Fleet Technical Committee developed these performance measures. (See exhibit I)

Included in exhibits is chapter 17, "Equipment and Fleet Management", suggested good practices from the APWA Public Works Management Manual. (See exhibit J)

To develop and implement some of these indicators that apply to the City of Milwaukee's fleet, it is believed that there are three potential sources for utilization data:
1) basic asset data from fleet management information system(Fleet Anywhere)
2) fuel transaction data from an automated fuel dispensing system (city of Milwaukee's fuel system is outdated and in need of upgrade/and-or/replacement to integrate with fleet anywhere information system)
3) employee time records and financial data from FMIS

It is suggested that a team be formed of representatives from Budget Office, Comptroller's Office, and Fleet Service to evaluate which performance measures should be implemented and how can the data be obtained and integrated to produce the performance measures.

May, 05