

FLEET MAINTENANCE:
Are citizens' dollars being spent
efficiently and effectively?

20-21 Nevada County Grand Jury

Report Date: March 1, 2021

Release Date: May 18, 2021

Summary

Local governments utilize numerous vehicles, from sedans to snow plows, to ensure the citizens of Nevada County are being served. The maintenance of these vehicles is the responsibility of each local municipality, be it Nevada County, the City of Grass Valley, the City of Nevada City or the Town of Truckee.

The Nevada County Grand Jury (Jury) has oversight responsibility to ensure the efficiency and effectiveness of local government operations. It recently reviewed the operations of the Fleet Maintenance departments within these four municipalities.

Each municipality has different staffing levels and different responsibilities. Consequently, each has different budget levels, resources and challenges. Any comparisons are limited. All utilize fuel cards to monitor use of municipality paid fuel. None have a formal long term plan for movement to alternative fuel vehicles. Two outsource their maintenance activities, with no agreements in place for volume based contracts. When departments are responsible for repairs, there is no oversight by the Fleet Department. Two utilize a software package to track maintenance and vehicle usage.

There are two major concerns:

- Plans for replacement of older vehicles
- Plans for alternative fuel vehicles to meet state-mandated regulations

There are opportunities for improved efficiency as well as opportunities for reducing expenses within each municipality. Municipalities may find additional efficiencies through integrating fleet maintenance where feasible.

Glossary

PC	Penal Code
Fleet	The Fleet Maintenance Department within a municipality
Jury	20/21 Nevada County Grand Jury
Municipality	City of Grass Valley, City of Nevada, Town of Truckee or Nevada County

Background

The primary function of the Jury is one of oversight of Nevada County agencies, investigating and reporting on County government operations to ensure County responsibilities are being fulfilled efficiently, honestly, and in the best interest of the public (PC §925 and §928).

The Jury reviews the various county and city departments on a rotating basis to address their community responsibilities. The Jury decided to investigate the internal controls of the Fleet

Services of the City of Grass Valley, the City of Nevada City, the Town of Truckee, and Nevada County.

Approach

Interviews were conducted, documents reviewed, and a survey circulated. Grand jury reports from other counties were reviewed. The Jury obtained fleet costs from other municipalities to determine comparable expenses.

Discussion

The following chart is intended as informational, not as a direct comparison. Each municipality has a different size and type of organization, staffing and responsibilities. Consequently, each municipality has different budget levels, resources and challenges.

FLEET OPERATION INFORMATION

CATEGORY	NEVADA COUNTY	GRASS VALLEY	NEVADA CITY	TRUCKEE
NUMBER OF VEHICLES MAINTAINED BY FLEET	414	65	22	167
RESPONSIBLE FOR FIRE AND POLICE VEHICLES	Police yes, Fire no	Yes, both police and fire	Neither	Police (including outfitting) but not Fire
LEASE VS. OWNED	None are leased	Most are leased. Some specialty equipment is owned.	2 vehicles are leased	None are leased
STAFFING	9 positions, with 2 openings as of Dec. 1, 2020. 5 mechanics spend 91% on Fleet activities.	1 position, majority of time on Fire Department maintenance	6 positions, 1 of which was open as of Dec. 1, 2020. Only 5% is spent on Fleet activities	9 positions, 5 of which are 100% dedicated to Fleet
ANNUAL DEPARTMENT BUDGET	\$2,829,334	\$823,350	Included in Public Works budget, no line item for Fleet	\$1,322,107
MAINTENANCE (IN HOUSE OR OUTSOURCED)	Most work is done in house. Gold Country Stage buses and heavy equipment repairs are outsourced.	Primarily maintenance is done in house for city fire department. Fleet position also does minor repairs for public works. Otherwise is outsourced and charged to department.	Outsourced. Goes to whatever shop is available. No discounts. Occasionally goes to dealer. No certified mechanics.	Most done in house. This includes outfitting police cars.

CATEGORY	NEVADA COUNTY	GRASS VALLEY	NEVADA CITY	TRUCKEE
USE OF MAINTENANCE TRACKING SOFTWARE	Utilized	No records prior to new hire in late 2019. Software purchased but not yet installed as of Dec. 2020	None. Tracking is manual.	Utilized
FUEL EXPENSE	Use of fuel cards	Use of fuel cards	Use of fuel cards	Use of fuel cards
VEHICLE INSURANCE MANAGEMENT	Risk Management - General liability through county (self-insured)	Finance Department – Uses Alliant and Lyon	Accounting - Public Agency Risk Sharing Authority of Calif. (PARSAC)	Finance Department - PARSAC
DEPARTMENT EXPENSE CHARGE BACKS	Fleet expenses allocated monthly to departments	Departments responsible for expenses	Departments responsible for expenses	Fleet expenses allocated monthly to departments and reconciled at end of the year

After reviewing the data, the Jury determined the following:

- Three of the municipalities have responsibility for law enforcement vehicles. Nevada City’s Fleet does not have responsibility for police vehicles. Grass Valley is the only municipality responsible for fire vehicle maintenance and has recently assumed responsibility for Nevada City’s fire vehicles.
- Truckee is the only municipality with staff assigned to Fleet activities 100% of the time.
- When local shops are utilized for maintenance, it was reported there were no discounts taken or utilized.
- All municipalities utilize fleet fuel cards, which provide control to ensure only municipality vehicles are being fueled. Reports provide information related to possible underutilization, which could result in reassignment of the vehicle.
- Grass Valley and Nevada City fleet expenses are charged directly to the departments responsible for the expense, without apparent oversight by Fleet.
- Nevada County and Truckee fleet expenses are allocated monthly to departments.

REPLACEMENT POLICY

Governor Gavin Newsom signed an executive order in September, 2020 that will ban the sale of gas-only cars within fifteen years. The order also requires all medium and heavy-duty trucks to be 100% zero-emission by 2045 “where feasible.”

In July, 2011, The Institute for Local Government stated that fuel-efficient and alternative-fuel vehicles can be used for a variety of public safety purposes. Although most alternative-fuel vehicles do not meet the high performance standards required by pursuit vehicles, there are examples (even in 2011) of cities and counties in California adapting to these new alternatives. The City of Santa Monica adopted its first sustainability policies in 1994.

In addition, in June 2018, Nevada County deployed SmartPedal to complete a 24 month study (and almost two million miles driven) for the purpose of improving mileage and reducing operating cost. Reducing miles driven results in both lower greenhouse-gas emissions as well as fuel expense per the study.

There are limited options for four-wheel drive vehicles, trucks and heavy equipment.

Given the need to plan for the movement to a greener fleet, the Jury focused on the municipalities’ replacement policies and green fleet program.

NEVADA COUNTY:

Nevada County utilizes a replacement priority index. Department assigned vehicles are assessed a monthly charge to defray the cost of replacing a vehicle. The only exception are those vehicles that were purchased with one-time funds with no subsequent replacement monies available. This assessment does not apply to department owned vehicles and these departments are responsible for fully funding their own replacement vehicles. Replacement of older vehicles is encouraged due to the higher maintenance costs.

Depreciation is calculated using a spreadsheet, using the replacement priority index. Replacement decisions are made by the departments, with input from Fleet.

Resale of vehicles is becoming more difficult and many cannot be sold in-state. Selling out of state is usually not an option, due to the added transportation costs.

The jury was informed that electric vehicle maintenance and training needs are being reviewed but there are no definitive plans at this time.

GRASS VALLEY:

As of December 2020, there were 14 vehicles going to auction. Monies received are put into a replacement fund by department.

For the heavier equipment, the goal is to have 2009 or newer vehicles. For medium sized vehicles, the goal is 2010 or newer.

Grass Valley currently has seven hybrid 2009 Ford Escapes. There is a concern for potential battery failure due to the age of these vehicles. It was also mentioned that current return on investment is low for hybrids.

The Jury was told that the cost benefit for hybrid power equipment was predicted to be five to six years down the road. The plan is to reevaluate in five to ten years. The concern was the newness of the technology and that all the problems have not yet been resolved.

NEVADA CITY:

Decisions regarding new fleet assets are brought before the City Council for approval. There is no formal replacement plan. The Fleet budget is approved by the City Manager.

All vehicles are 2009 or older, with the oldest being 2001. The age of the fleet is a concern.

Public Works has two fully electric carts. They have a grant for clean air vehicles. There was concern about the availability of larger electric vehicles.

TRUCKEE:

There is a Fleet replacement fund, so replacement expenses are not part of the operational budget. When equipment is slated for replacement, there is a review by the Town Council. Standard purchasing policy rules are followed. This replacement fund also assists in inventory control and a rotational maintenance program. Depreciation for vehicles is handled by the Finance Department.

Cooperative purchasing programs are used when possible. If a cooperative purchasing program is utilized, competitive bids are not required as the program has already been approved. The California cooperative purchasing program is usually not utilized, as it charges a fee to the Town. Other programs charge the manufacturer.

Generally, vehicles are not kept more than 200,000 miles due to increasing maintenance expense. Equipment may be decommissioned, repaired, and reassigned to a department with lower utilization. Decommissioned vehicles may also be held in inventory until there is a large enough stock to take to auction.

A grant program is available for electric vehicles. Currently there are two Ford Escape hybrids purchased with a grant. There are few four-wheel drive electric vehicles at this time. The limited availability also applies to snow removal equipment.

The Fleet Department is looking at the use of biofuel but is currently limited by a storage capacity of 7500 gallons.

Findings

- F1** All municipalities utilize a fuel card system for cost control.
- F2** None have formal alternative fuel vehicle long term replacement plans.
- F3** Grass Valley and Nevada City have not negotiated formal contracts or discounts with local automotive shops as of the date of this report.
- F4** Invoices for vehicle maintenance go directly to departments in Grass Valley and Nevada City.
- F5** Grass Valley and Nevada City do not utilize a computerized maintenance tracking system.
- F6** Nevada City has no formal vehicle replacement plan.
- F7** Grass Valley has no formal vehicle replacement fund. However some funds are provided by the sales of obsolete vehicles.
- F8** Grass Valley has only one staff person, who is not 100% assigned to Fleet.

Recommendations

The Nevada County Grand Jury recommends the following:

- R1** Nevada County, Grass Valley, Nevada City and the Town of Truckee should consider developing strategic plans for implementing alternative fuel vehicles.
- R2** Grass Valley and Nevada City should consider negotiating volume based contracts with local automotive repair shops.

R3 Grass Valley and Nevada City should consider centralizing the expenses of vehicles and then allocating expenses to appropriate departments.

R4 Grass Valley and Nevada City should consider the implementation of automated maintenance software.

R5 Grass Valley and Nevada City should consider developing and implementing a formal vehicle replacement plan.

R6 Grass Valley should evaluate adding additional staff to the Fleet Services Department.

R7 Nevada County, Grass Valley, Nevada City and the Town of Truckee should consider sharing maintenance operations where feasible.

Request for Responses

Pursuant to Penal Code section 933.05, the Nevada County Grand Jury requests responses from the following:

- Nevada County Board of Supervisors: R1, R7 by August 16, 2021.
- Grass Valley City Council: R1, R2, R3, R4, R5, R6, R7 by August 16, 2021.
- Nevada City Council: R1, R2, R3, R4, R5, R7 by August 16, 2021.
- Town of Truckee City Council: R1, R7 by August 16, 2021.