

Breakthrough Change Initiative: Vehicles & Equipment Phase II: Opportunities and Recommendations

Team Leader: Ryan Petty

Subcommittee Chairs: Sherri Crawford (Utilization), Linda Carlton (Maintenance) and Catherine Mitchell (Procurement). Members: Bill Pugh, Al Tebaldi, Dave Otto, Linda Carlton, Catherine Mitchell, Gary Steinhoff, Mike Fitzgerald, Sherri Crawford, Jim Howatson, Bob Sheehan. Resource Advisors: Steve Hennessey (General Services Fleet), Frank Castro (TPU Fleet), Rich Stearns (Fire Fleet) and Steve Victor (Legal). Clerical Support: Kathy Manno.

A. High Potential Opportunities	B. Recommendations/Alternatives	Analysis	Short-Term Outcomes	Projected Longer Term Outcomes	
			2005-2006	2007-2008	2009-2010
<p>#1 Procurement: Extend life cycle of vehicles</p> <p>1. Current situation analysis</p> <ul style="list-style-type: none"> • 7-year life cycle for emergency and pursuit vehicles (sedans) • 15-year life cycle on fire ladder trucks • 10-year life cycle on pumpers • 10-year life cycle on all other non-emergency vehicles • 5-year life cycle on Aid cars • 7-year life cycle on automated Garbage trucks • 10-year life cycle on most other Solid Waste equipment • Due to improved quality of newer vehicles and equipment, life cycles can be extended without adverse effects. 	<p>Preferred Option:</p> <p>a. Extend all fleet vehicles life cycles 1 year (does not include Fire's engines, trucks and medic units)</p> <p>b. Twenty-five percent of savings reserved for potentially higher repair costs</p>	<p>Pros:</p> <p>a. Takes advantage of better built vehicles</p> <p>b. Anticipated savings predicted to outweigh potential increased costs by three to one</p> <p>Cons:</p> <p>a. Lower resale value.</p> <p>b. Higher fuel expense</p> <p>c. No new safety features, i.e., side airbags, on-board technology, etc</p> <p>d. Potential for increased maintenance costs.</p> <p>e. Potential loss of service delivery due to vehicle down time.</p>	Cost Savings: GF: \$250,236	Cost Savings: GF: \$333,648	Cost Savings: GF: \$333,648
			Other: \$78,755	Other: \$105,007	Other: \$105,007
			Non-financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:

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			2005-2006	2007-2008	2009-2010	
<p>2. Criteria used</p> <ul style="list-style-type: none"> Years in service Mileage <p>3. Data Historical repair costs to project reasonable cost for extending life cycle</p> <p>4. Improvements to data collection Assure all data is entered for all city-owned vehicles</p> <p>5. Policy and legal implications Amend Fleet vehicle replacement policy</p>	<p>Alternative #1:</p> <p>a. Extend half the fleet vehicles life cycles 1 year (does not include Fire's engines, trucks and medic units)</p> <p>b. Twenty-five percent of savings reserved for potentially higher repair costs</p>	<p>Pros:</p> <p>a. Using one half of the vehicles as a control group could give us a better idea of true cost savings.</p> <p>b. Allows flexibility in determining which vehicle life cycles should be extended</p> <p>c. Anticipated savings predicted to outweigh potential increased costs by three to one</p> <p>Cons:</p> <p>a. Reduced rates only on vehicles with extended life cycles</p> <p>b. Potential for increased maintenance rates.</p> <p>c. Potential loss of service delivery due to vehicle down time</p> <p>d. Lower resale value for extended life-cycle vehicles</p>	Cost Savings: GF: \$125,118	Cost Savings: GF: \$168,824	Cost Savings: GF: \$166,824	
			Other: \$39,378	Other: \$52,504	Other: \$52,504	
				Non-financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:
	<p>Alternative #2</p> <p>a. Extend fleet vehicles life cycles 2 years (does not include Fire's engines, trucks and medic units)</p> <p>b. Eighty percent of savings reserved for potentially higher repair costs</p>	<p>Pros:</p> <p>Cons:</p> <p>a. Increased maintenance expenses will likely significantly offset potential savings. (Engines, transmissions etc)</p> <p>b. Costly breakdowns with lost crew time</p> <p>c. Unpredictability of vehicle</p> <p>d. Lower resale value</p> <p>e. Decline in vehicle appearance</p> <p>f. Not a best fleet practice</p>	Cost Savings: GF: \$92,234	Cost Savings: GF: \$122,979	Cost Savings: GF: \$122,979	
			Other: \$29,127	Other: \$38,836	Other: \$38,836	
			Non-financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:	

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<p>#2 Utilization: Review cost/benefit of vehicles take home policies</p> <p>1. Current situation analysis</p> <ul style="list-style-type: none"> All Police-assigned vehicles may be taken home subject to take-home policy (w/in Pierce County or w/in 10 miles of City limits). No reimbursement practices. Informal policies (Fire, Public Works, General Services) suggest take-home vehicles are used by staff on 24-hour call-out. <p>2. Criteria used</p> <ul style="list-style-type: none"> Review geographic criteria. Review special equipment requirements. Operational requirements/service delivery. 	<p>Preferred Option:</p> <p>a. We recommend the \$.405 per mile reimbursement based on the IRS rate. However, the option \$.66 per mile reimbursement is full cost recovery based on \$.53 per mile (full service lease cost divided by 14,000 miles per year), plus \$.13 per mile fuel costs (based on 20 mpg and \$2.00 per gallon).</p> <p>b. Continue take home practice but implement reimbursement for portion of commutes beyond 15 miles from Police HQ (approximately 10 miles beyond City limits).</p> <p>c. Assumes purchase of 52,000 square-foot parcel, paving, striping, fencing and security for parking vehicles not taken home. (\$1.35 million amortized over 20 years)</p>	<p>Pros: (If officers still take home)</p> <p>a. Maintains fast response in emergency situations</p> <p>Cons:</p> <p>a. Officers may opt to not take home vehicles impacting emergency response and requiring short term capital costs to build parking stalls</p> <p>b. Impact on recruiting/retention</p> <p>c. City liability for officers responding to call out situations on duty in their personal vehicles</p> <p>d. Mileage reimbursement for driving their POV on call outs.</p> <p>e. A change in working conditions must be negotiated.</p> <p>f. Would restrict Police Department's ability to respond for call out services.</p> <p>g. 100% of officers surveyed would opt not to take their vehicles home and pay mileage if they had a secured parking space provided by the City for their private vehicle.</p>	Cost Savings: GF: Preferred (1a) 1a. \$0 to \$106,110 (\$\$.405)	Cost Savings: GF: Preferred (1a) 1a. \$0 to \$212,220	Cost Savings: GF: Preferred (1a) 1a. \$0 to \$218,585
			1b. \$0 to \$172,920 (\$\$.66)	1b. \$0 to \$345,840	1b. \$0 to \$356,215
2. -\$99,300* to \$0	2. -\$198,600* to \$0	2. -\$198,600* to \$0			
Other: *Assumes no assigned vehicles taken home	Other: *Assumes no assigned vehicles taken home	Other: *Assumes no assigned vehicles taken home			
Non-financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:			

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<p>3. Data</p> <ul style="list-style-type: none"> Data from Police take-home vehicles. Data from other take-home vehicles. <p>4. Improvements to data collection</p> <ul style="list-style-type: none"> Track outcomes from option chosen. Capture take-home mileage data. <p>5. Policy and legal implications</p> <ul style="list-style-type: none"> Would require change in current Police policy. Possible bargaining implications. 	<p>Alternative #1</p> <p>a. Continue take home practice but implement full reimbursement for commutes from Police HQ.</p> <p>b. Assumes purchase of 52,000 square-foot parcel, paving, striping, fencing and security for parking vehicles not taken home. (\$1.35 million amortized over 20 years)</p>	<p>Pros: (If officers still take home)</p> <p>a. Maintains fast response in emergency situations</p> <p>Cons:</p> <p>a. Officers may opt to not take home vehicles impacting emergency response and requiring short term capital costs to build parking stalls</p> <p>b. Impact on recruiting/retention</p> <p>c. City liability for officers responding to call out situations on duty in their personal vehicles</p> <p>d. Mileage reimbursement for driving their POV on call outs.</p> <p>e. A change in working conditions must be negotiated.</p> <p>f. Would restrict Police Department's ability to respond for call out services.</p> <p>g. 100% of officers surveyed would opt not to take their vehicles home and pay mileage if they had a secured parking space provided by the City for their private vehicle.</p>	<p>Cost Savings: GF: 1a. \$0 to \$594,000 (\$66) 1b. \$0 to 364,500 (\$405) 2. - \$99,300* to \$0 Other: *Assumes no assigned vehicles taken home</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: GF: 1a. \$0 to \$1,188,000 1b. \$0 to \$729,000 2. -\$198,600* to \$0 Other: *Assumes no assigned vehicles taken home</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: GF: 1a. \$0 to \$1,223,640 1b. \$0 to \$750,870 2. -\$198,600* to \$0 Other: *Assumes no assigned vehicles taken home</p> <p>Non-financial Outcomes:</p>

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	<p>Alternative #2</p> <p>a. Keep assigned vehicle program, but eliminate take home vehicles.</p> <p>b. Assumes purchase of 52,000 square-foot parcel, paving, striping, fencing and security for parking vehicles not taken home. (\$1.35 million amortized over 20 years)</p>	<p>Pros: Reduces maintenance and fuel and increases vehicle life cycle.</p> <p>Cons: a. Slower response in emergency situations b. Impact on recruiting/retention c. Loss of police response during commutes d. City liability for officers responding to call out situations on duty in their personal vehicles e. Mileage reimbursement for driving their POV on call outs. f. A change in working conditions must be negotiated. g. Would restrict Police Department's ability to respond for call out services. h. 100% of officers surveyed would opt not to take their vehicles home and pay mileage if they had a secured parking space provided by the City for their private vehicle.</p>	<p>Cost Savings: GF: 1. \$583,275 2. -\$99,300</p> <p>Other: -\$1,000,000</p>	<p>Cost Savings: GF: 1. \$1,166,550 2. -\$198,600</p> <p>Other:</p>	<p>Cost Savings: GF: 1. \$1,201,547 2. -\$198,600</p> <p>Other:</p>
			Non- financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:

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	NO RECOMMENDATION MADE. ALL OPTIONS WERE WITHOUT SAVINGS.				
<p>#3 Maintenance: Consolidate vehicle and equipment maintenance and/or facilities</p> <p>1. Current situation analysis Currently fleet repairs are taking place at multiple locations. There may be cost savings in combining maintenance activities or locations. High potential opportunities could involve saving the cost of a new building, realizing the economic value of an existing building when surplus, or achieving new operational efficiencies. Fire's Tri data study lists "more shop space" as an urgent need and cites lack of space as a safety issue that also affects productivity. Buracker study and Chief Lewis' memo of August 5, 2004,</p>	<p>Alternative #1: Move Fire light, non-emergency fleet maintenance to Fleet Operations.</p>	<p>Pros:</p> <ul style="list-style-type: none"> a. Frees Fire mechanics to work exclusively on emergency fire apparatus. b. Fleet Services has 400 similar vehicles, and like Fire Department, has knowledgeable mechanics, diagnostic testing equipment and parts inventory on site. c. Fleet Services' swing shift will cut time light vehicles are out of service d. Factory recalls are done immediately. e. Combining duplicate inventory items will reduce total inventory investment by the City. f. Fleet Services is a factory authorized warranty repair facility for major auto manufacturers <p>Cons:</p> <ul style="list-style-type: none"> a. TFD loses ability to establish priorities b. More expensive than current situation c. Impact to parking at Fleet/Police Warehouse d. Loss of operating efficiency at TFD 	<p>Cost Savings: GF: -\$14,050 Other:</p>	<p>Cost Savings: GF: -\$43,100 Other:</p>	<p>Cost Savings: GF: -\$44,393 Other:</p>
			Non-financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:

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<p>agree that current Fire repair shop is inadequate. Neither of the consultant reports recommended consolidation of fleet facilities. However, both studies recommended co-locating TFD Fleet and TFD training on same campus.</p> <p>2. Criteria used Efficiencies in maintenance practices and facilities use.</p> <p>3. Data Operating and business information from fleet service participants.</p> <p>4. Improvements to data collection All City fleets use available technology to track fleet information.</p>	<p>Alternative #2 Move Fire shop to Fleet Operations under current org structure.</p> <p>a. Moves TFD garage to Fleet Ops, but TFD mechanics still TFD employees</p> <p>b. Requires additional parking construction at Fleet Ops</p> <p>c. Parts acquisition by Fleet Ops</p> <p>d. TFD pays pro-rated share of rent and utilities</p> <p>e. Assumes purchase of 52,000 square-foot parcel, paving, striping, fencing and security for parking vehicles not taken home.</p> <p>f. In addition to e, above, construct 3,200 square-foot covered parking to maintain current level of service.</p>	<p>Pros:</p> <p>a. Allows TFD to actively manage fleet</p> <p>b. TFD mechanics have better working environment</p> <p>Cons:</p> <p>a. Resource allocation (bays, equipment, etc) with no joint supervision makes both shops less efficient.</p> <p>b. Double, on site supervision is redundant and expensive (approximately \$75,000/year).</p> <p>c. Different workplace rules and classifications TFD (fire mechanics have flexible work weeks and all work the day shift)</p> <p>d. Disagreement on inadequate number of heavy-duty repair bays.</p> <p>e. Additional capital cost to purchase Heavy Vehicle Lift – 1 @ \$60,000</p> <p>f. Space constraints</p> <p>g. May require additional parts staff</p> <p>h. There will be an increase to General Fund for Fire Department for pro-rated share fleet ops, land and depreciation.</p>	<p>Cost Savings: GF: -\$132,840</p> <p>Other: \$1 million - Cavanaugh -\$1 million – parking* -\$0.5 million – covered parking** *Purchase of this parcel exceeds TFD need for parking **for 3200 sq. ft. covered, which is less than the 10,000 sq. ft. recommended</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: GF: -\$145,680</p> <p>Other: \$2.65 million – TFD bond (This is a portion of the avoided \$4.15 million cost which does not include expenses for parking and covered parking already itemized in the 2005-06 biennium.)</p> <p>Non-financial Outcomes:</p>	<p>Cost Savings: GF: -\$150,050</p> <p>Other:</p> <p>Non-financial Outcomes:</p>

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<p>5. Policy and legal implications</p> <ul style="list-style-type: none"> ▪ Possible bargaining implications. ▪ Possible bond restrictions at Police campus. 	<p>Alternative #3 Move Fire shop to Fleet Operations and consolidate organizations</p> <ol style="list-style-type: none"> a. Assumes purchase of 52,000 square-foot parcel, paving, striping, fencing and security for parking vehicles not taken home. b. In addition to a, above, construct 3,200 square-foot covered parking to maintain current level of service. c. First year includes purchase of \$767,000 for Fire parts inventory. d. Assumes transfer of only 5 fire mechanics (leaves supervisor as a fleet liaison at Fire). 	<p>Pros:</p> <ol style="list-style-type: none"> a. Larger pool of mechanics allow more scheduling flexibility b. Fits Fleet Services' mission and core business. c. Brings together similar functions and skills. d. Fire mechanics will be relocated into a modern Fleet Services' facility e. Professional Fleet Management and Parts Procurement team would provide administrative services to fire fleet. f. Reduced total inventory investment by the City. g. Mechanics can be cross trained. Outside training will be available for all mechanics. Possibly minor savings to GF training budget. h. Fire mechanics will gain one-half of a mechanic FTE as they will not need to do other non-mechanic functions like parts procurement. i. Quicker turn around of Fire vehicles with swing shift. j. The Fleet Services facility provides modern employee facilities (lunchroom, locker space, showers) and a customer waiting area with computer and telephone. k. Fleet Services has a certified structural welder/fabricator. <p>Cons:</p> <ol style="list-style-type: none"> a) TFD loses ability to establish priorities b) Could contribute to a Citywide fire insurance rating increase 	<p>Cost Savings: GF: \$699,725</p> <p>Other: \$1 million - Cavanaugh -\$1 million - parking -\$0.5 million – covered parking* *Purchase of this parcel exceeds TFD need for parking</p> <p>*for 3200 sq. ft. covered, which is less than the 10,000 sq. ft. recommended</p>	<p>Cost Savings: GF: -\$134,550</p> <p>Other: \$2.65 million – TFD bond</p> <p>(This is a portion of the avoided \$4.15 million cost which does not include expenses for parking and covered parking already itemized in the 2005-06 biennium.)</p>	<p>Cost Savings: GF: -\$138,587</p> <p>Other:</p>

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			2005-2006	2007-2008	2009-2010
		c) Mechanics no longer available for non-fleet related Fire dept. activities; loss of flexibility. d) May require additional parts staff e) Risk of loss of expertise due to employee turnover	Non- financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:

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<p>#4 Maintenance: Review and adjust full service maintenance rates to ensure accuracy.</p> <p>1. Current situation analysis Rates are usually reviewed every six months; however, due to system conversion, they have not been reviewed for 18 months.</p> <p>2. Criteria used Rates should reflect actual expenses for each class of vehicle.</p> <p>3. Data Newly developed SAP report tracks actual costs.</p> <p>4. Improvements to data collection None.</p> <p>5. Policy and legal implications Review legal implications of retaining \$ in non-assigned fund.</p>	<p>Preferred Option: Adjust maintenance rates as appropriate for future savings, with pro-rated 2003/2004 adjustments reimbursed to originating funds.</p>	<p>Pros:</p> <p>a. Rates work as they were designed</p> <p>b. General Fund could purchase vehicles due for replacement which are not included in current equipment rental fund, e.g., fire engines</p> <p>Cons:</p>	<p>Cost Savings: GF: \$485,112 -179,000 1 time \$306,112 on going</p> <p>Other: \$55,926</p>	<p>Cost Savings: GF: \$418,296</p> <p>Other: \$45,674</p>	<p>Cost Savings: GF: \$418,296</p> <p>Other: 45,674</p>
			Non-financial Outcomes:	Non-financial Outcomes:	Non-financial Outcomes:
	<p>Alternative #1: Adjust maintenance rates as appropriate for future savings, keeping 2003/2004 adjustments in Fleet operating fund for maintenance-related expenses. [Maintenance funds cannot be used for capital vehicle purchases.]</p>	<p>Pros:</p> <p>Extra funds to purchase needed fleet equipment, e.g., Wash rack</p> <p>Cons:</p> <p>Dept overcharged in 2003/2004.</p>	<p>Cost Savings: GF: \$313,722</p> <p>Other: \$34,256</p>	<p>Cost Savings: GF: \$418,296</p> <p>Other: \$45,674</p>	<p>Cost Savings: GF: \$418,296</p> <p>Other: \$45,674</p>
Non-financial Outcomes:			Non-financial Outcomes:	Non-financial Outcomes:	
<p>Alternative #2 No adjustment, keeping funds in Fleet operating fund.</p>	<p>Pros:</p> <p>Cons:</p> <p>Departments being overcharged.</p>	<p>Cost Savings: GF: 0</p> <p>Other:</p>	<p>Cost Savings: GF:</p> <p>Other:</p>	<p>Cost Savings: GF:</p> <p>Other:</p>	
		Non-financial Outcomes	Non-financial Outcomes	Non-financial Outcomes	