

CITY OF PORTLAND  
CITYWIDE  
ADMINISTRATIVE SERVICES REVIEW PROJECT

FRAMEWORK PLAN REPORT  
FOR  
VEHICLE SERVICES

NOTES: This document is approximately 30 pages long.

SUBMITTED  
FEBRUARY 2001

## **EXECUTIVE SUMMARY**

*Vision statement: The Vehicle Services Division will be a centralized provider of vehicles and equipment, offering reliable, high-quality, specialized services to the City and other government agencies. Expanded computer technology, increased rental of vehicles and equipment, facilitating the sharing of vehicles and equipment between bureaus, and the opportunity to purchase services from non-City sources, will enable us to provide cost-effective service to our customers. Selling services to other governmental agencies will help underwrite fixed costs and allow for the economies of scale and specialization to benefit all taxpayers. Standardized equipment, a modern fleet of vehicles, a fully-trained and diversified workforce, state-of-the-art test and repair tools, modern and efficient facilities, professional relationships with a wide network of vehicle and service providers, and cooperative service relationships with other local governments will ensure our leadership in the future.*

Vehicle Services have been the focus of cost cutting initiatives for many years. A continuing series of audits, reports and improvement plans have been prepared over the past 25 years. Significant reductions were achieved in the mid 1970s when multiple maintenance activities were amalgamated into what is now Vehicle Services. That effort saw marked and dramatic cost reductions and reductions in employees. More recent efforts have made marginal changes with more limited cost savings. Over the last 10 years, the rates used by Vehicle Services to charge bureaus have been within the CSL inflation rates set by the Budget Office. However, these constrained rates have often yielded large increases to the total cost of vehicle services as bureaus increase the number and sophistication of the vehicle mix. Any effort to reduce vehicle service costs very quickly gets enmeshed in the way individual bureaus elect to do business. As labor costs increase, bureaus begin to rely more on technology. In many areas, this technology is embedded in the vehicles and equipment supported by Vehicle Services. There are three primary strategies available to reduce the cost of vehicle services to individual bureaus.

- Seeking efficiencies in the way the work is done or minimizing costs to achieve the goals of the program.
- Finding cooperative ways to share vehicles between agencies, eliminating redundancies and under utilized vehicles.
- Reducing the number and complexity of the City's mix of vehicles.

Each of these strategies will be discussed separately.

**Seeking efficiencies in the way work is done or minimizing costs to achieve the goals of the program.**

There are six sub-strategies that will be pursued.

1. Extending each vehicle class replacement cycle by an additional year for every class of vehicle
  2. Consolidating Fire Apparatus maintenance with Vehicle Services
  3. Use of City Standards for vehicles
  4. Reducing take home vehicles to the barest of essentials
  5. Seeking reimbursement for the full cost of commuting
- Apply the correct acquisition strategy to each addition to the number of vehicles

Each of these will be discussed below. Usually the first discussion of efficiencies leads to the suggestion of privatizing. The 1998 Audit report stated that Vehicle Services is not a candidate for privatizing. It has all of the elements of a well-run government vehicle operation and its costs are well below other comparable jurisdictions.

Another approach used of late is extension of the replacement cycles. In 1998, several classes of vehicles had vehicle life extended by one year. The recently prepared 10% budget reduction report also recommended extending each vehicle class replacement cycle by an additional year for every class of vehicle. The result of these replacement-financing cycles is that the replacement fund currently has more money associated with it than is necessary given the longer replacement cycles. As a result, approximately \$300,000 can be returned to the contributing funds of the City. Note that BES and Water funds are already accounted for within those respective accounts and no money will be returned to them.

The ASR budget reduction recommendation also proposed consolidating Fire Apparatus maintenance with Vehicle Services. This approach would squeeze the remaining efficiencies that the City achieved in other areas in the early 1970s. This can be done without reducing current repair and maintenance service to the Fire Bureau.

Also included in this strategy is the use of City Standards for vehicles. The City currently highly relies on standards for the larger classes of vehicles; including, sedans, patrol cars, full size pick-up trucks, etc. A number of other classes are also suitable for establishing standards, including SUVs. Over time these standards will reduce the amount of mechanic training, parts inventory, acquisition efforts with potential savings over time as the standards are implemented. Because of the wide variety of vehicles used by the City, not every vehicle will neatly fit within a pre-determined standard. Many specialty classes with limited numbers will remain.

The IRS code requires that take home vehicles be considered a “benefit” to the employee and the employer must either account for the commuting value as taxable income, or be reimbursed. The City currently seeks reimbursement of \$60 per month for commuting privileges. Closely analyzing who has take home vehicles, when they are called out, and reducing these to the barest of essentials can reduce City costs. Seeking the full cost of commuting can also be a disincentive for using a City vehicle for commuting; especially for those who commute long distances.

Another approach to seeking efficiencies is to apply the correct acquisition strategy to each addition to the number of vehicles. In most cases, the least cost is purchase, in other short term needs, its rental or lease. Matching the correct strategy to business need should be independent of the approval process to allow an expansion in the number of vehicles.

**The second strategy is finding cooperative ways to share vehicles between agencies, eliminating redundancies and under utilized vehicles.**

This strategy will be pursued in two ways:

1. Creating subsidiary motor pools at target opportunities, where multiple bureaus are located
2. Work to consolidate City field operations at two centralized facilities, one on each side of the Willamette River

This approach differs from merely reducing the number of vehicles because it retains the ability of bureaus to utilize an appropriate vehicle when needed, but it may be shared to some degree with other City needs. The quintessential application of this strategy is the motor pool. What makes this work is that there are aggregate needs for vehicles between bureaus that share the costs based on actual use. This approach requires a central location that is convenient for users. The advent of the 1900 building presents some opportunities for creating a subsidiary motor pool at this location, with participating agencies reducing the number of “dedicated” vehicles. Greater efficiencies could also be achieved if PDC participated in this localized pool.

Pooling the use of other vehicles is problematic because of the dispersed physical location of service agencies such as Parks, Water, and Maintenance. Vehicle Services has a facility at each of these locations. Each facility requires test equipment, some parts, and supervision and oversight. Over the next few years, the City is planning on making major investments in these maintenance facilities. Perhaps there is a better way than each bureau pursuing their own investment strategies of improving their maintenance activities. Many public agencies find that a central operations facility, where all operating organizations reside, facilitates communication and sharing that separate facilities preclude. It further enables the sharing of vehicle maintenance activities in fewer locations.

Because of the size and physical layout of the City of Portland, a single location may not be appropriate or locatable. However two major facilities, one on each side of the Willamette River may be doable. These locations could also be service centers for other City activities now requiring trips to the downtown; such as Parks reservations, Water/Sewer payments, Building permits, Neighborhood Offices and meetings, etc. Over the foreseeable future there is a need for improvements to the Parks maintenance facility, expansions to the Maintenance Bureau, and investments at the Water Bureau's Interstate location. Perhaps all of these could be coordinated and housed collectively rather than separately. Cost savings and efficiencies would surely result. Also, as the character of the area where these facilities are currently located change, a higher and better use may be appropriate for these locations, particularly as the Interstate Max line becomes operational.

Another approach to this strategy is reducing the number of take home vehicles. Because of the implications for labor relations, this must become an important piece of the Cities labor relations agenda.

**The final strategy is related to the second, but is focused at reducing the number and complexity of the City's mix of vehicles.** Clearly this is where the goal of achieving cost reductions in vehicle services must be weighed against the cost and efficiency of bureau service delivery. It is quite possible to reduce the cost of vehicle services, but also cripple the ability of the service-delivering bureau to provide services to the public. Seeking the right balance is critical. As Bureaus try to achieve efficiencies in manpower, they often turn to bigger, or more sophisticated equipment that translates into higher equipment costs. Striking the correct balance between investment and operating costs for equipment vs. labor costs is an important bureau consideration that will remain an essentially bureau level decision. Vehicle Services can help bureaus reach the best decision by supplying good forecasts of equipment operating costs, replacement, and outfitting.

**Additional steps.** In pursuing these strategies, it will be important for Vehicle Services undertake the following:

- Document its policies, standards and services in easily understood formats.
- Pursue Council adoption of a comprehensive vehicle policy.
- Provide informational brochures, development of intranet web-based service tracking and vehicle order tracking, billing detail, service work order history, vehicle costs, and replacement information.
- The organization will measure its performance and its work by available industry standards, where they exist.
- A group of major customers, such as the ASR review TEAM will be institutionalized and meet periodically over time to address issues of mutual interest in the effort to achieve continuing efficiencies in the operation of the City's vehicles and equipment.

## I. INTRODUCTION

### A. SERVICE DESCRIPTION

The Vehicle Services Division acquires, modifies, services, repairs, and disposes of vehicles and equipment owned, leased, rented, or acquired by any means for the City. The Division operates eight garages throughout the City to provide the services. In addition, work is completed in the field and by private vendors in the area. A downtown Motor Pool is operated to provide vehicles on a convenient, short-term basis. A modern Body & Paint garage and a full-service Fabrication Shop are operated to efficiently provide service to our complicated group of municipal vehicles.

Current budget: \$19,351,801

Approved positions: 83

### B. BUDGET AND SERVICE TRENDS

#### Budgets:

Driven by increasing customer requests, Council direction, vehicle manufacturer price increases, parts vendor cost increases, more complex vehicles, and variable internal City costs, Vehicle Services budgets have fluctuated over the years. In an attempt to reduce costs to customer bureaus, Vehicle Services has repeatedly been directed to cut budgets and spending, reduce charges to bureaus, and limit potential inflation increases.

#### Rates:

Generally, Vehicle Services has provided vehicles and services at a cost trend below the City's inflationary target. A reliable vehicle replacement program has significantly contributed to the effective management of maintenance costs. In addition, the Vehicle & Equipment Mechanic Trainee program has enabled the City to provide training and experience in our unique vehicles and equipment to employees. The efficient use of external service providers, greatly improved repair parts inventory management, and comprehensive preventive maintenance have allowed the rates to customers to be tightly controlled. Effective use of computers and other state-of-the-art diagnostic and repair equipment continue to contribute to success in this area.

**Positions:**

As the graph to the right suggests, centralizing Vehicle Services has very significantly reduced total City positions (costs) over the last twenty-six years. There are still fewer positions today than in 1974-75.

When first centralized in 1974-75, individual bureaus had their own vehicle service operations. Because of much duplication, a single organization was able to benefit from the economies of scale and reduce the total necessary workforce.

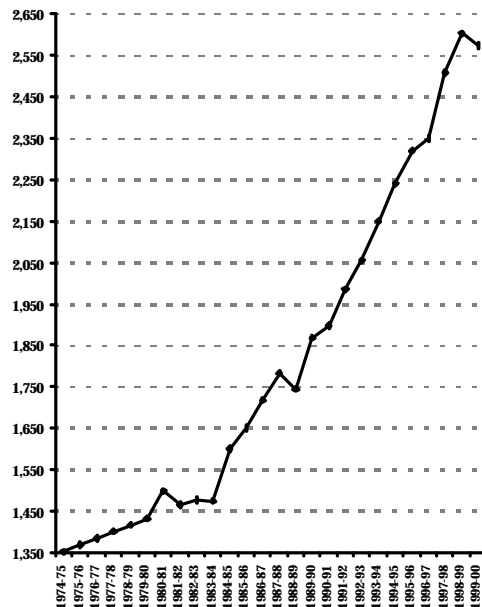
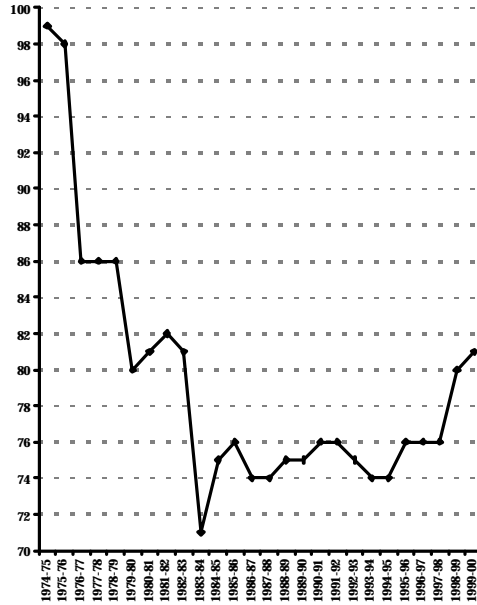
In the following years, positions were reduced to decrease costs and produce lower rates for customers. Requirements have continued to grow, but the number of positions to meet the requirements has been restrained to reduce rates to customers. In recent years, however, the limited workforce has not been able to meet the requirements of customers, so some positions have been added.

Although the number of positions (customers) in other bureaus has increased, the number of vehicles has increased, and the sophistication of vehicles has increased, the staffing level in Vehicle Services has not been permitted to follow at the same pace.

**Service Provision:**

As displayed in the graph, the number of vehicles and items of equipment have grown by a huge proportion over the years. In the original years following the centralization in 1974-75, the number of vehicles slowly increased. The numbers began to substantially climb as the City added programs and vehicles after 1984-85. As the trend continued, additional vehicles were added, but the resources to provide service were regularly reduced.

In addition to the growing numbers, vehicles and equipment have increased in sophistication with computers



and additional equipment, to develop large multi-purpose vehicles with increased service and repair requirements.

### C. RESULTS FROM COST REDUCTION PHASE

The recommendations will impact every area of vehicle service:

- Fuel Management
- Lease and rental of vehicles
- Servicing of vehicles
- Repair of vehicles
- Purchase of vehicles
- Outfitting of vehicles
- Body & Paint
- Fabrication
- Parts inventory
- Vehicle replacement program

In addition to the reduction of the Vehicle Services Division's ability to provide services, some of the adjustments recommended in the cost reduction report will reduce customer bureaus' abilities to provide services to the citizens of Portland.

As a cost reduction recommendation, it was suggested to reduce the number of take-home vehicles. A reduction in the number of vehicles driven home each night will have an impact on several bureaus. It will be different among bureaus, but it will require a strong review of the method used to provide emergency response. In the long run, however, some vehicles could be reduced without an impact to emergency services. The estimated savings associated with this recommendation are \$15,000.

An increase in the rate charged to City employees for the use of a vehicle, fuel, insurance, and convenience associated with a take-home vehicle has been recommended. This will not result in an increased cost to bureaus. An increase in the rate charged employees to drive City vehicles home each night will increase revenue, but require increased personal payments by employees. While the ASR Committee recommended the increase, they understood the potential problems in bureaus. The estimated savings associated with this recommendation are \$144,000.

The number of vehicles leased each year has grown dramatically in recent years. The decision to lease is not always based on a business analysis of potential costs and savings. As a result, our expenses might be far greater than necessary. This recommendation suggests a major reduction in the actual number of vehicles leased, rather than purchased, on a long-term basis each year. A change in this practice will place a burden on the



customer bureau currently using this method of acquisition. The estimated savings associated with this recommendation are \$200,000.

Adjustments to the replacement program will capture remaining savings from the 1997 extension of lifecycles. Several other ideas and adjustments will allow additional reductions in replacement collections. The major savings in this area, however, stem from the recommendation to extend the lifecycles of all vehicles, by one year. The new extension will greatly tax the City's capability to provide reliable services and repairs as the vehicles age and require more maintenance. It is a responsible alternative, however, to totally removing additional vehicles from City service. The estimated savings associated with this recommendation are \$558,000.

As the recommendation to reduce the number of owned vehicles is examined, a serious impact to the City's ability to provide direct services to citizens will be evident. Some "backup" vehicles will probably be eliminated as bureaus prioritize reductions, but vehicles more important to the missions will be scrutinized because the reduction is large. Increased emphasis on sharing and pooling vehicles and equipment will be necessary to share the burdens created by implementing this recommendation. The estimated savings associated with this recommendation are \$270,000.

The suggestion to eliminate the separate vehicle responsibility in the Fire Bureau will provide a savings without a reduction in service. The only vehicles not currently centralized within the Vehicle Services Division are Fire-Fighting Apparatus. This recommendation transfers the vehicle responsibility. The estimated savings associated with this recommendation are \$80,000.

Standardization of vehicles and repair components will allow a reduction within the Parks Bureau budget. This will not reduce the service levels within the City's Vehicle Services area, and will not reduce Parks' ability to provide services to the citizens. The estimated savings associated with this recommendation are \$50,000.

Vehicle services are provided to the City in a responsible, efficient, and effective manner. Through continual requirements to limit and control cost increases, services have been regularly trimmed over the years. Although there are reservations about a 10% reduction in Vehicle Services, the recommendations listed above are the most responsible options to reach the reduction target.

## **II. BUSINESS ENVIRONMENT AND STRATEGIC VISION FOR SERVICE DELIVERY**

The vehicle related industry is experiencing several trends and raising some issues with serious implications for the City of Portland. The purchase prices for vehicles are increasing, the complexities of vehicles continue to expand, and the size of vehicles required by the City is growing. The cost of vehicle fuel has increased rapidly, and cost and availability will remain major issues for the future. An absence of qualified mechanics is recognized by the industry, and no industry-wide action has been taken to improve the outlook. Environmental concerns confronting the population have increased regulations associated with vehicle development and repair practices, and highlighted interest in alternative fuel vehicles. Safety issues associated with the use and repair of vehicles greatly influence all decisions associated with purchase, modification, servicing, repair, and disposal of vehicles. The City use of vehicles continues to expand, and we can anticipate these issues and trends will stretch our resources in the future.

City bureaus are concerned with reducing the reliance on expensive human labor, and investing in larger and more complex vehicles and equipment to more efficiently accomplish labor-intensive tasks. These vehicles are much more expensive to purchase and the additional features are more difficult and expensive to service and repair. In addition, bureaus are required to perform new tasks and add new employees and vehicles. As safety and environmental regulations begin to control bureaus' work methods, old and easy methods are replaced by new and more complex and expensive practices. Bureaus adjust vehicle and equipment requirements to meet the environmental and safety regulations associated with their work methods, and the result is normally more complex and expensive vehicles. The future will include more complex, multi-purpose, and expensive vehicles in the City.

Many services associated with vehicles and equipment are unique, critical, and time dependent. City employees most appropriately and most efficiently accomplish these duties. In some cases, however, purchasing services and products from non-City sources are more efficient and appropriate answers. Efficient vehicle related operations currently include reliance on outside vendors. The services more appropriately provided by outside vendors will continue to support City personnel in our future environment of limited resources and responsible cost-effective management.

Modern vehicles require a more intelligent and better-trained repair technician than the vehicles produced only a few years ago. The industry has begun to realize the absence of sufficient numbers of mechanics, and

the lack of technologically trained mechanics. The City's Vehicle Services Division recognized the potential future problem more than ten years ago, and began to develop a trainee program to prepare the City of Portland for the technological changes of the 1990's and beyond. The Vehicle and Equipment Mechanic Trainee Program selects potential candidates from the top finishers of a three-tier selection process. The trainees have completed college or trade school programs to establish basic knowledge before entering the City's program. The City's three-year training plan produces employees with a strong understanding of the vehicles, repair methods, and requirements unique to the City of Portland. This cost of training over a three-year period will be an investment in the City's future. This program is the backbone of our future commitment to the efficient maintenance of vehicles and equipment.

State and Federal regulations for all areas of vehicle maintenance, repair, and operation will continue to grow. Safety standards continue to improve the workplace and reduce injuries to employees. Some extreme applications, however, will reduce efficiencies and provide challenges in the future. Environmental regulations continue to eliminate cheap and quick methods of service and repair, and substitute more expensive and environmentally friendly solutions. While the City fully complies, and is in fact a leader in this area, the future will include environmental challenges to provide responsible efficiencies associated with vehicle repair and maintenance operations. A major value of centralization will be realized from consistent, cost effective solutions to environmental regulations. Cooperation from customers for new engines, tires, fuel compositions, methods of service, and other considerations will be necessary in the future.

The ideal Vehicle Services Division model would operate a single service and repair facility for all City vehicles. While the current configuration includes several service garages around town for the convenience and efficiency of the customers, it is not the least expensive option for Vehicle Services. The costs associated with vehicle activities could be reduced if all vehicles were maintained at a single facility.

A plan for provision of vehicle related services must include consideration of customer requirements and common issues and future plans. Examining the least expensive operation of Vehicle Services will not necessarily result in the least expense for the City. For example, the ideal Vehicle Services Division model would operate a single service and repair facility for all City vehicles. All customers would be required to travel, from their widespread locations, to the central garage. While the Vehicle Services budget would benefit, the customers would experience greater expenses with employee travel.

Many City bureaus are currently dispersed around town, but their operations are located in single sites. For example, the Maintenance Bureau, Parks Bureau, and Water Bureau centrally park and dispatch their vehicles, although they are in three specific sites around town.

A centralized campus within the City for the purpose of housing all bureaus would provide tremendous opportunities for capitalizing on the bonuses of the economies of scale. The Vehicle Services Division would be able to focus all resources to a single area of responsibility. Duplicate test and repair equipment could be eliminated, costs associated with multiple facilities could be eliminated, and a new, more efficient garage could be established to guarantee future savings.

In addition to the reduced costs of operation for Vehicle Services, a single City facility located with other City operations would allow all of the advantages of sharing. A single site would be a reduction in the total number of facilities required by City bureaus. Operations could be centralized, and bureau requirements could be shared on the common site to reduce construction and operating costs.

The garage and staging areas would be developed on a site shared by other City bureaus to provide the advantages of mutual access. This could address the potential reduction of vehicles. A major barrier to increased sharing of vehicles in the current environment is the difficulty associated with location. Bureau employees in one location are not able to efficiently communicate with employees in other bureaus to determine the availability of vehicles for borrowing or loaning. A common location would reduce the barriers and improve communications and cooperation. The total number of City vehicles could be reduced if bureaus were located on the same site, and able to share work schedules and available vehicles.

With all of the vehicles located in a single location, vehicle and equipment mechanics on multiple shifts could find vehicles in the common parking areas during the evenings, perform necessary servicing or repair, and return the vehicles to their parking areas before the drivers return in the morning. This would address the customer bureaus' concerns for enough available vehicles for their work shifts.

City resources could be pooled for the benefit of all bureaus. A common campus would also allow bureaus to centralize public contact offices, outside of the congested downtown area. Parks permits, Water/Sewer payments, Building Permits, Neighborhood Offices, community meeting rooms, and many other functions could be included in the centralized multi-bureau campus. Common concerns for facility, access, parking, and other issues could be addressed in an environment of maximizing results

while minimizing costs. The concept for a single campus should become a regular factor when planning within bureaus, and should be extended to encompass expanded cooperation across bureau lines. To fully appreciate the advantages, the City should examine all current and future operation and service strategies with a common long-range goal.

A single site, shared by all City bureaus, would be the ideal location for the single Vehicle Services garage. Bureaus could pool vehicles and facilities, and vehicle repair resources could be maximized. While a single common facility would provide the greatest advantages, some alternatives would still produce benefits. For example, a centralized complex on each side of the Willamette River would still generate centers for efficiencies. While not the ideal model, two campuses would produce savings and more opportunities for consolidation of City requirements than the current configurations.

Customers within the City will continue to require a high level of service as we move into a future of expanding requirements and limited budgets. The dependence on reliable vehicles and equipment will increase, and information concerning the available services, procedures, and processes associated with the Vehicle Services Division will gain importance as bureaus attempt to maximize the value of their resources. Brochures and similar methods of displaying information will assist customers to achieve savings and improve the receipt of services. Explanations of routine procedures and updates of day-to-day processes will help customers acquire new vehicles, obtain rental vehicles, speed repairs, receive scheduled preventive maintenance, find the nearest fueling station, understand business hours, obtain assistance in the field, and report accidents. Use of computer reports to track the status of new vehicle purchases will help customer bureaus anticipate the arrival of vehicles, and plan programs more accurately. Periodic newsletters will present interesting vehicle information in easily understood formats to ensure consistent understanding throughout the City. As technology continues to progress, the Vehicle Services Division will utilize electronic methods to share information with City employees and other concerned customers, organizations, and citizens.

One of the major concerns shared by the Vehicle Services Division and the customer bureaus is the lack of specific written information concerning comprehensive policies associated with many vehicle related activities. Scattered elements throughout the City Code and other areas in various City procedures address authority, actions, and responsibilities for vehicles, drivers, and bureaus. The Vehicle Services Division will combine existing elements with new language to centralize and consolidate easily accessible sources for directions and information. Comprehensive written policies to cover vehicle activities, operation,

service, repair, usage, acquisition, and many other areas will be produced to assist common understanding throughout the City.

To address areas of common interest concerning vehicle related issues, a group of customer bureau representatives will be convened periodically by the Vehicle Services Division. This approach will allow uniform sharing of information and develop better understanding of the factors involved in decision-making within customer bureaus and Vehicle Services. For example, a group could be gathered to discuss such issues as the development of requirements for standard vehicles to meet uniform needs within the City. This additional method of communication will improve services and understanding within the City.

Portland continues to benefit from the cooperation among government agencies involved in vehicle service. The Vehicle Services Division is active in many national and regional professional organizations to promote education, exchange information, achieve optimum support from vendors, and develop relationships with other government agencies. The value of this investment is evident in the City's successful vehicle operation. New practices and ideas, developed through these contacts, are applied in the City of Portland to achieve improvements and cost savings. Services are provided to other government agencies, and the City has received services from other governments. Sale from our services to other agencies helps offset development and overhead costs, and reduces per unit costs to City customers. Vehicle Services will continue to promote the sale of services in the future. These opportunities are facilitated by the professional relationships developed through association with other government agencies. Centralization of the responsibility for the City's vehicle related services continues to allow consolidation of expertise and resources. The Vehicle Services Division was instrumental in the development of an organization of Portland area government vehicle managers, and an Oregon-wide organization of government vehicle managers. The interests of the City are responsibly promoted, and the City will continue to be very supportive of other governments to save money for all taxpayers. These relationships will become increasingly valuable in the future as we all face the challenges of providing more services with fewer individual resources. The City's centralized Vehicle Services Division will continue to provide leadership within the region to increase cooperation and seek opportunities for efficiencies among government vehicle operations.

The Cost Reduction Report of the Administrative Services Review included a reduction of vehicles to represent a \$270,000 a year savings, a reduction of \$200,000 a year for leased vehicles, and an adjustment to the vehicle replacement program to achieve a savings of \$558,000 a year. These actions will save money, but severely reduce the vehicles available

to City bureaus for the accomplishment of their assigned tasks. The first two actions will reduce the number of vehicles, and the third will extend the age of vehicles and contribute to more maintenance and longer repair times. New and more focused actions will be necessary to help offset the impact of the reductions. As a centralized provider of services, the Vehicle Services Division is aware of all of the vehicles available in the City, and all of the customers. Vehicle Services will convene meetings of appropriate customers to facilitate opportunities for cooperation and sharing among bureaus. Standard cars, vans, pickups and other vehicles could be discussed to determine hours of usage, hours of potential availability for other customers, locations of regular parking, areas driven during normal operations, numbers of vehicles, types of vehicles, and any special items on the vehicles. Large items of equipment and specialized vehicles will be examined to review similar information, along with the capabilities of the equipment, uses by the primary customer, possible additional applications for other customers, and costs associated with expanding the capabilities of vehicles and equipment. Formal meetings will establish a regular and dependable forum, facilitated by Vehicle Services to encourage communications beyond casual or occasional borrowing between bureaus. Customers currently unaware of other options within the City will receive an opportunity to discuss sharing of mutual vehicle interests. With fewer total vehicles available, the efficient use of existing vehicles and equipment will grow in importance in the future and the Vehicle Services Division will encourage and assist customers to maximize usage.

Pooling of vehicles within bureaus will be a suggested solution to alleviate the pressure bureaus experience after the reductions are implemented. The Vehicle Services Division will encourage bureaus to share vehicles and equipment within their own bureaus, offices, and units of responsibility. In addition, the number of vehicles maintained in a pooled status by the Vehicle Services Division will be increased for the benefit of more customers. More vehicles, and a larger mix of vehicles will provide the opportunity for customers to utilize vehicles for limited periods of time without the costs associated with total ownership. This expansion of the sharing concept will be enhanced by the City's existing centralization of vehicle responsibilities to promote a central knowledge of customer requirements, locations, and opportunities.

For several years, the City's Vehicle Services Division has operated with a long-term vision statement that is intended to address the requirements of the City and the evolution of the industry. It has been improved to include a statement concerning the facilitation of sharing among bureaus, and an explanation of the benefits of selling services to other agencies.

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*the City and other government agencies. Expanded computer technology, increased rental of vehicles and equipment, facilitating the sharing of vehicles and equipment between bureaus, and the opportunity to purchase services from non-City sources, will enable us to provide cost-effective service to our customers. Selling services to other governmental agencies will help underwrite fixed costs and allow for the economies of scale and specialization to benefit all taxpayers. Standardized equipment, a modern fleet of vehicles, a fully-trained and diversified workforce, state-of-the-art test and repair tools, modern and efficient facilities, professional relationships with a wide network of vehicle and service providers, and cooperative service relationships with other local governments will ensure our leadership in the future.*

The long-range vision statement reflects many of the real-work issues and trends in the government vehicle service environment. As the City faces the challenges of expanding requirements and limited resources, it will be necessary to utilize a variety of opportunities. A consolidated, well managed, and consistent approach to vehicle related issues places the City of Portland in the most advantageous position for the future. A centralized service provider will develop citywide answers to industry and internal problems, consolidate customer interests, and focus City Council direction for the benefit of the entire City.

### **III. SERVICE POLICIES**

A number of policies associated with vehicle and equipment related activities are spread among City Code, Resolutions, and other memos, letters, and directives. Portions of other policies also include specific references to vehicle related issues, and are not specifically titled to be easily discovered.

The City currently has specific policies outlining the responsibilities of drivers of vehicles, the duties of drivers, the responsibilities of supervisors of drivers, the types of passengers allowed in vehicles, the requirements to be an eligible City driver, and many other related explanations of important driver information. Detailed requirements and safety precautions to control the fueling of City vehicles are clearly specified for all drivers. Reporting requirements and the permission process for driving City vehicles home after work are included within several different documents. While only a few examples, these policies are scattered in different areas authorized as City Code or procedures or State regulations.

A comprehensive reference for all vehicle and equipment related policies should be developed to provide easy access to useful information. To



accomplish this objective, a review of existing policies has begun. Existing policies should be examined for current application and appropriateness when measured against original intent and subsequent changes.

In addition to gathering all appropriate policies into a common location, some areas of concern have never been officially addressed in a comprehensive set of vehicle related policies. For example, the City should have a policy concerning the use of traction devices (tire chains, studded tires, etc.) on City vehicles. The Vehicle Services Division has a policy of discouraging the use of studded tires on cars. While this is a responsible policy for the City, it has never been included in a comprehensive set of policies approved by the Council. Approval of responsible directives by the Council would provide support, and discourage the current behavior of some bureaus complying with the policy, and some bureaus ignoring it.

The Vehicle Services Division will develop a comprehensive set of vehicle related policies for approval by the City Council. Working with appropriate offices within the City, customer bureaus, other government agencies, and industry information, Vehicle Services will draft policies to establish more complete and consistent understanding of Council directions in the future.

#### **IV. ORGANIZATIONAL STRUCTURE**

Vehicle and equipment services are currently centralized in the Vehicle Services Division of the Bureau of General Services, with two exceptions. Fire-Fighting Apparatus is maintained by the Bureau of Fire, Rescue & Emergency Services, and some minor specialized work is performed by the Bureau of Parks & Recreational Services.

Vehicle Services is able to centrally manage City Council directions for all City vehicles and equipment, except Fire-Fighting Apparatus. Vehicle Services is able to report citywide information, such as annual mileage, for all City vehicles and equipment, except Fire-Fighting Apparatus. The City is able to centrally identify, track, and control costs for all City vehicles, except Fire-Fighting Apparatus.

Separate responsibilities for Fire-Fighting Apparatus require separate purchasing of repair components and separate inventories. Separate garage and repair facilities are required for the Fire-Fighting Apparatus responsibilities, including test equipment, tools, and repair equipment. Separate information management systems are required to schedule routine preventive maintenance, record service and repair information, and build maintenance histories for Fire-Fighting Apparatus. A separate

supervisor is required for the separate Fire-Fighting Apparatus responsibility.

Despite the perceived advantage by the Fire Bureau of a separate organization, centralization of the Fire-Fighting Apparatus responsibility within the Vehicle Services Division would provide better control by the City Council, reduce vehicle related expenses citywide, and improve service potential to the vehicles and the Fire Bureau. An examination of the historical accomplishments of centralized vehicle responsibilities, a review of the City audit comparing services and costs to other organizations, and a review of the recent audit evaluating the potential savings associated with the transfer of responsibility would suggest a positive result from centralization.

If the Fire-Fighting Apparatus were incorporated in the responsibilities of the Vehicle Services Division, directions by the City Council, intended to apply to costs associated with all City vehicles, would include all City vehicles. Many times over the last 26 years, the City Council has directed that all costs associated with vehicles should be reduced by a specific percentage, or expenditures associated with all vehicles should be frozen, or spending for all vehicle repairs should be capped at a specific point, or positions associated with all vehicle repairs should be reduced. Because all of these controls have been implemented through the Vehicle Services Division, the maintenance spending associated with Fire-Fighting Apparatus has not been impacted. As a current example, the Cost Reduction Report of the Administrative Services Review included a recommendation to reduce vehicles in all bureaus to achieve a savings of \$270,000. This would be implemented through the Vehicle Services Division agreements for service, based on rates for assigned vehicles. The reduction, intended to impact all vehicles, will apply to all City vehicles, except Fire-Fighting Apparatus because they are not included on the service agreements with Vehicle Services. An additional recommendation to achieve citywide vehicle related savings (\$558,000) would extend the lifecycle for vehicles one year beyond the current limit. This will apply to all vehicles, including emergency response vehicles in Water, Environmental Services, Maintenance, Police, and all other bureaus with critical missions, except Fire-Fighting Apparatus in the Fire Bureau. The Fire Apparatus will not be impacted because they are not included in the vehicle replacement program used for all other City vehicles, and managed through the Vehicle Services Division. If the Fire-Fighting Apparatus responsibility were included with all of the other City vehicles, Council intentions for all City vehicles would apply to all City vehicles. Citywide reporting, such as total mileage, would include all City vehicles, and centralized reports for all costs, maintenance, and other related information, would include all City vehicles.

In a comparison of costs of service, the City Auditor determined in 1999 that the cost of the Fire Bureau providing services for Fire-Fighting Apparatus was very significantly greater more than the Vehicle Services Division. If centralized, the City would not require separate purchasing of repair components. Separate inventories could be eliminated, and separate test equipment, tools, and repair equipment would not be required. Separate information management systems to record service and repair information, build maintenance histories, and schedule routine maintenance could be eliminated. Separate garage supervision could be eliminated, and other associated duplicate support services could be eliminated.

The Fire-Fighting Apparatus, if centralized within Vehicle Services, would be supported by an expanded workforce, and not be limited by the hours of the Fire Bureau garage working one shift with employees off of work every-other-Friday. The economies of scale would include regular multi-shift coverage from 6:30 A.M. until 11:30 P.M., and emergency response around-the-clock. The Vehicle Services workforce is supported by reliable field service trucks to provide services and repairs outside of regular garages. In addition, the centralized workforce is augmented by outside vendors, as appropriate. The larger workforce also allows the opportunity to devote more resources to specific vehicle problems during emergency situations. The centralized responsibility within Vehicle Services currently includes training personnel to coordinate specific training for mechanics, and training facilities devoted to the training of repair and service personnel responsible for vehicles. If centralized, the Fire-Fighting Apparatus would actually benefit from this greater service potential.

The Parks Bureau currently provides some minor maintenance to specific mowers and Golf course equipment. Some of the major work is provided by the centralized responsibility in Vehicle Services, the equipment is purchased through Vehicle Services, and the items are inventoried and tracked within the centralized responsibility. This arrangement is currently under review by Parks and Vehicle Services to determine the most appropriate course for future services and maintenance.

The Parks Bureau recognizes the advantage of including the responsibility within the centralized service provider, and understands the overall Council concerns to identify, track, and control costs. The advantages of centralized collections of funds for regular vehicle replacements, the preparation of vehicle specifications, the availability of the size and expertise of the citywide workforce, and the other economies-of-scale associated with the Vehicle Services Division, are recognized as assets by the Parks Bureau.

The Parks Bureau responsibilities should be included within the centralized service provider to gain the full benefits of the citywide resources. Within this responsibility, Vehicle Services would be able to determine if some minor work could be performed by customer bureaus if it is in the best interest of the City's total vehicle program.

All vehicle related services should be centralized within the Vehicle Services Division. While this has been the model for the last 26 years, Fire-Fighting Apparatus within the Fire Bureau was officially excluded. Some minor work on specific equipment within the Parks Bureau has not been officially exempted. A preferred model of comprehensive service, however, should include all vehicle related services within the centralized service area.

## **V. ROLES AND RESPONSIBILITIES**

The Vehicle Services Division is currently responsible for vehicle related services for all City vehicles and equipment, with the exception of Fire-Fighting Apparatus. The responsibility includes acquisitions, modifications, services, repairs, and disposals of vehicles and equipment, including trailers and wheel mounted equipment. Vehicle Services is responsible for all such items owned, leased, rented, loaned, seized, donated, or obtained by any means for use by City employees or others.

To provide consistency between the recommended Organizational Structure (section IV. Above) and the Roles and Responsibilities, Fire-Fighting Apparatus would be included in the Vehicles Services Division area of responsibility. The elimination of this sole exception would provide a consistent pattern throughout the City.

## **VI. SERVICE PROVISION OPTIONS**

Because the Vehicle Services Division operates as an internal fund, charging bureaus for services is always a source of concern for the customers. Customers are interested in ensuring that vehicle related costs are low and operations are efficient. Since most of the customers also own and operate personal (non-City) cars, they have ideas and suggestions for managing the City's vehicle operations. In addition to this influence, the responsibility to effectively manage city funds drives Vehicle Services to continually examine methods of doing business, and question the opportunities to improve services and reduce costs.

Suggestions from customers are considered and explored, along with examinations of similar vehicle service organizations, and internal

continuing efforts to find more efficient and effective methods of providing vehicles and services to the City. A variety of contracts have been developed to more easily and economically obtain vehicle repair parts from warehouses and dealers. In the future, these contracts will gain importance as we reduce parts inventories, but pressure the parts delivery system to provide repair parts in time to reduce repair times and increase the availability of vehicles to the customer. The list of services vended to private businesses is constantly examined as Vehicle Services seeks the most efficient method of determining the functions to perform internally and the functions to purchase from outside vendors. For example, several times over the years Vehicle Services has considered the possibility of obtaining minor services from “fast lube” businesses. They have met and discussed the possibility with vendors, tested the services, and examined the costs and benefits. The fast lube business anticipates profit from the extra parts and services sold to a customer. The City’s preventive services are more extensive than the basic examination of the fast lube business, and our trained employees are more qualified than the oil changers employed by the lube companies. As a result, Vehicle Services’ mechanics often uncover other mechanical problems during the preventive maintenance services, and take corrective action to repair the problem at the earliest opportunity to minimize expenses and maximize vehicle availability. If left to customers to drive to fast lube businesses, wait for the service, determine if additional services or products should be purchased, complete the paperwork, and ensure vehicles are regularly serviced on a scheduled basis, costs would be higher and reliability lower than our current program. Vehicle Services employees regularly service many of the vehicles while parked in lots or when drivers are not at work, reducing negative impacts to customer operations. When limiting City services to compare with the fast lube company, Vehicle Services employees perform a similar maintenance service at a lower cost.

Fast lube services for passenger cars are not a good candidate for vending to outside companies, but other services are more efficiently performed by private vendors. For example, the Vehicle Services Division purchases services for all man-lift equipment and cranes from specialists, certified to comply with Federal and State regulations and specifications. The City will continue to examine service delivery methods as the centralized philosophy allows a citywide opportunity to gain the economies of scale and maintain a level of expertise to understand the real advantages of vending vehicle related services.

The large number of vehicles owned by the City dictates the need for in-house Fabrication and Body & Paint shops. Although Vehicle Services does not staff to meet all of the City’s requirements, a sufficient resource provides timely and professional quality services, and the expertise to ensure quality control over work performed by outside vendors. Many

jobs require coordination of the different skills on a single City vehicle, and these tasks could not be efficiently performed by outside garages. The employees in Vehicle Services' Body & Paint Shop are very well qualified and experienced in the field and provide the level of skill needed to perform the major structural repairs on police patrol vehicles used in high speed pursuits. To maintain the integrity of the vehicles, and the security of the radios, computers, and other public safety equipment, the police cars are repaired in the City's Body & Paint Shop. This saves the costs of removing specialized and security equipment used on the police vehicles. Some of the work of the Body & Paint Shop, and much of the work in the Fabrication Shop, involves custom requests to meet specific customer requirements. Vehicle Services employees are familiar with specific City vehicles and have knowledge and experience that would not be available at an outside vendor. Garage resources will continue to be intentionally staffed below full requirements to utilize the most appropriate opportunities for vending work to outside companies in the future.

In response to directions from City Council members to examine the possibility of contracting vehicle services, the City Auditor completed a thorough audit of current practices two years ago. The Auditor determined, *Our review of fleet management literature, discussions with fleet consultants, and interviews with other city fleet managers showed that Vehicle Services has essential elements of a well-managed fleet operation in place. Specifically, some of the desired practices employed by the Vehicle Services Division include:*

- *centralized management of vehicles and equipment*
- *recovery of the full costs of operations through charges to users*
- *use of an internal service fund to account for revenues and expenses*
- *saving replacement reserves by including a replacement charge in user rates*
- *a management information system with the capacity to track vehicle maintenance, cost information, and Division performance data.*

To compare the City's Vehicle Services operation to other Cities, the Auditor's Office selected the six cities used in their annual Service Efforts and Accomplishments Report. The Vehicle Services Division was confident enough in their accomplishments to suggest the audit team also add the ten best managed cities to their list for comparison.

Vehicle availability is the most important measure of the effectiveness and quality of a vehicle maintenance organization. This is an indication of the percentage of time vehicles are available to customer organizations to allow them to accomplish their missions. According to the Audit, *Vehicle availability is the measure most often reported by other cities. Most often*

*the goal was either 94 percent or 95 percent, similar to Portland's goal of 95 percent. However, of the seven cities which have goals, only four regularly track actual availability. Portland regularly tracks vehicle availability and reports its performance in the annual budget.*

Costs of comparable operations were also compared by the City Auditor. *Charges for selected vehicles and equipment in Portland are significantly lower than other cities we surveyed. In most cases, Portland's rates were one-third to one-half that of other cities. In addition, parts markup percentages are much lower in Portland than the average of other cities.* Along with comparisons to other cities, the Audit determined that the hourly labor rate for the City of Portland is less than the average charged by 12 private Portland-area garages.

After a very long and detailed examination of the City of Portland's vehicle operation, comparisons with the best managed cities in the nation, and comparisons with private garages in the local area, the Office of the City Auditor reached an educated conclusion. *Contracting City fleet services to another provider is not warranted: rates are low, best practices are used, and vehicles are well maintained.*

The team of Auditors from the Office of the City Auditor provided an objective and informed examination of Vehicle Services, and a comparison with other cities and the private sector. A duplication of this effort was not necessary and has not been suggested as part of the Administrative Services Review Process.

For twenty-six years, the centralized management of vehicles and equipment has allowed the identification of obvious savings, organizational improvements, responsible use of outside service providers, adjustments of service levels, and cooperation with customer bureaus to identify efficiencies and cost reductions. The City's current model of centralization has met the original goals, savings have exceeded targets, vehicles are available to customers in record numbers, management of the organization exceeds other comparable cities, vehicles are modern, safe, and reliable, and the organization adapts to alternative methods of service delivery as the opportunities occur for improvements.

## **VII. SERVICE AND PERFORMANCE STANDARDS**

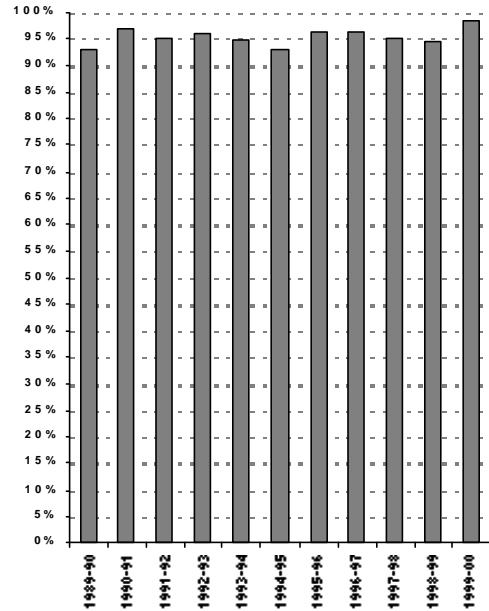
The availability of appropriate vehicles and equipment to help customers accomplish their missions is the primary effort of the Vehicle Services Division. As a centralized service provider, this role applies to a very large and complex variety of needs, vehicles, and customer situations.

Customer bureaus are very clear about this primary concern and their costs associated with failing to have vehicles available when needed to complete their missions. To concentrate on this clear indication of success, Vehicle Services has established the measurement of vehicle availability as a primary guide, and will continue to concentrate on this important goal in the future. It encompasses many of the other aspects of service delivery. For example, the purchase of replacement equipment is reflected in this standard because the failure of timely replacement purchasing will result in older vehicles and equipment. Older vehicles normally are in garages for repair more often than newer vehicles. When the older vehicles are in the garages, they are normally kept for longer periods of time because of limited parts availability and other age associated causes. If replacement purchases are not made in a timely manner, the availability of vehicles and equipment to the customer is reduced. Along with replacement purchases, the availability measure reflects such other influences as service and repair capability. The City's preventive maintenance program is design to minimize bottom line costs and maximize vehicle availability. Vehicles and equipment inspected, adjusted, and repaired on a regular basis should operate more reliably than vehicles not seen until they experience a failure. While the vehicles are not available during the period of preventive maintenance, the tradeoff would be reflected in the increased percentage of time they are available to customers without major failures. The vehicle availability standard also reflects the results of employee training programs. Employees without sufficient training would not be able to quickly and reliably repair and return vehicles and equipment to customers. Successful training contributes to lower repair turnaround times and much higher percentages of vehicle availability to customers. Efficient repair parts acquisition and other vehicle related activities influence this measurement in similar fashions to reflect efficient results in the most important gauge of successful service provision.

This key measure of success, vehicle availability, will continue to be the dominant factor to influence decisions concerning vehicle related services in the future. Decisions by the City Council to reduce resources and provide savings through the Administrative Services Review Process will initiate creative actions within the Vehicle Services Division to maintain vehicle availability for customers. The graph on the following page represents the record of accomplishments in recent years. Vehicle availability is a measure of the total time a vehicle is available to the customer (not in the repair shop) in relation to total time. For example, if a vehicle is in the garage for six hours during a 24-hour period, it is available to the customer 75% of the time. The graph represents a percentage for all City vehicles during a year, including the time involved in regular services, repairs, manufacturers recalls, DEQ emissions tests, and any



other reason it would be in the possession of the Vehicle Services Division. The goal for acceptable availability has changed over the years as decisions by the Council have intentionally traded vehicle availability for reductions in rates. Currently, the goal of 94% is established for vehicle availability for a composite of all City vehicles. An aggressive goal will continue to drive the actions of the Vehicle Services Division in the future to ensure customer bureaus have vehicles available to help them accomplish their missions in a timely and cost effective fashion.



Along with this measure of availability for assigned vehicles, availability of vehicles in the City's downtown pool is also monitored. The goal is to always have a vehicle available for customers when they arrive at the garage to check one out of the pool. This rate of availability is very high, although, on a few occasions, a mini-van is provided when a car is adequate. The Vehicle Services Division, however, has been able to establish and meet a very high performance standard, without adding additional vehicles. This standard will continue to provide high customer expectations and reliability on the pool system to meet requirements without the purchase of additional vehicles for full-time assignments to bureaus.

Purchases of replacement vehicles are based on a comprehensive vehicle and equipment replacement program, projected over a long period of time. Annual equipment purchase decisions are based on the vehicles and equipment identified in the plan, a review of the actual performance and maintenance experiences of the vehicles, and changes of mission that might change the type of vehicle purchased to replace the old vehicle currently in use. In some situations, replacement purchases can be delayed. In other instances, mechanical problems or other cost or mission changes could necessitate an early replacement purchase. These factors contribute to deviations from our annual goal to purchase a percentage of the vehicles scheduled for replacement. In general, however, this standard measure will continue as an indication of our success at replacing the scheduled vehicles.

The basic vehicles and equipment used in the City are purchased according to standardized specifications. These common requirements have been developed over many years, and represent a combination of concerns for low-cost reliable maintenance and customer needs. Sedans,

pickups, vans, and similar non-specialized vehicles are purchased according to standardized specifications, with opportunities for minor adjustments. Larger vehicles, including dump trucks and other trucks are designed with common components for engines, transmissions, axles, and other essential elements with maintenance cost implications. The standardized purchases allow all of the advantages of economies of scale, including fewer different manuals, fewer different repair parts, fewer different types of employee training, and other similar benefits. Customer concerns are included in the decisions to standardize. In the future, the Vehicle Services Division will work with customer bureaus to expand the standardization to include appropriate vehicles not currently involved in the advantages of common acquisition. For example, Sport Utility Vehicles now involve small, medium, large, and very large versions. Establishment of standards will be expanded to include more vehicles, including the vehicles rented and leased by the City. As a result of this balance, customers are able to develop predictable expectations for acceptable vehicle performance to meet their needs and the Vehicle Services Division is able to provide appropriate vehicles in the most cost efficient manner. This vehicle and equipment standardization will continue to represent a benefit of centralized service provision and deliver understandable expectations for provider and receiver.

A target figure for standard budgetary inflation growth is a valuable yardstick for the measure of vehicle and equipment service cost increases. While many of the elements associated with rates are not clearly limited by the inflationary increase targets set by the City each year, the total rate of increase can provide a standard of expectation. Customers and the Vehicle Services Division understand the target figures and the rates for service measured against the target. Artificial caps on inflationary allowances for spending increases have forced service reductions many times over the years. A 10% reduction proposed in the ASR recommendations will significantly reduce the Vehicle Services Division's capability to provide customer services, but the provider (Vehicle Services Division) and the receiver (customer bureau) will understand the expectations.

## **VIII. TECHNOLOGY**

The City's Vehicle Services Division has been able to dramatically improve productivity, reduce the need for backup and standby vehicles, and increase the availability of vehicles and equipment to help bureaus accomplish their missions. Beginning in 1988, a strong commitment to examine and implement the benefits of new technology has proved a key to the success of Portland when compared to other government vehicle operations.

New vehicles and equipment continue to evolve as computers dominate the control systems of all major component operations. Basic sedans have more than fifty separate microprocessors to support the increasingly complex controls, including everything from vehicle emissions to anti-lock braking systems. To improve fuel mileage, reduce costs, increase capabilities, and improve driver and passenger comforts, the complexities of modern vehicles and equipment have surpassed the limits of recent constraints, to produce maintenance nightmares.

Strong training in the new technologies will be essential to maintaining reliable vehicles and equipment for the City in the future. Investments in training and the sophisticated equipment required for effective training will be increasingly important in the years to come. The City's ability to achieve efficient results, as costs continue to rise, will depend on a commitment to responsible training in the new technologies associated with vehicles and equipment. Centralized training responsibilities will provide opportunities to reduce costs and provide effective service to the most complex vehicles. The Vehicle Services Division will increase the use of computers to individualize training opportunities and decrease the need for expensive trainers. As a centralized provider, Vehicle Services will benefit from the size of the City's workforce to attract trainers to our location and reduce expensive travel time for employees. With a modern and efficient Training Center, other government agencies will be invited to join in training opportunities to share the expenses associated with trainers in the City of Portland's Vehicle Services location. This method will attract trainers to the larger audience, and benefit all taxpayers through the sharing of expenses by all government agencies.

Computer systems have begun to dominate the diagnostic repair equipment used to evaluate the proper operations of vehicles, and assist in the determination of problems and possible courses of corrective actions. The City has acquired efficient test equipment to improve productivity, reduce costs, and improve vehicle availability. As this requirement grows in the future, the Vehicle Services Division will increase reliance on technology to reduce repair times and improve reliability of troubleshooting efforts to minimize costs to customers.

Expensive and unique items have been purchased to comply with regulations, and these technological purchases will continue to be necessary as environmental concerns continue to impact the vehicle industry. In addition, the City's Vehicle Services Division will continue actions to furnish environmentally responsible service and repair practices, despite the required purchase of technologically advanced equipment. To reduce negative impacts to the atmosphere, special training and improved recovery equipment has changed, and will continue

to improve, the methods associated with servicing and repairing the refrigerant of air conditioning systems on vehicles. Concerns for the recycling of potentially damaging anti-freeze used in engine cooling systems have led to the purchase of in-house equipment to recover, clean, and produce new anti-freeze with minimal impact to the environment. This expensive method of providing a cleaner version of the essential product will continue to increase the expense associated with providing vehicles. The Vehicle Services Division, however, will continue to pursue avenues to reduce costs through applications of alternative methods. For example, research and testing associated with long-life anti-freeze would reduce the costs associated with re-cycling and reduce the costs associated with regular servicing of the cooling systems on vehicles. Regulations on waste products from vehicle and equipment washing have led to the reduction of washing requirements, and the installation of state-of-the-art systems to recover water from washing and steam cleaning, treat the water, and re-cycle the water without contamination to the environment. Technology has been incorporated into the City's vehicle fuel management program to comply with State and Federal regulation, to protect the environment, and to provide reliable supplies of fuel when required. To ensure underground fuel storage tanks are not leaking, continuous leak detection monitoring is provided by centralized computer programs. All of the City's fuel tanks are also monitored for inventory control to allow centralized ordering and coordination for reliable delivery. To prevent corrosion of the fuel storage tanks and the possibility of failure of the tank shell, the technology associated with cathodic protection has been installed on the City's tanks. Costs associated with compliance with these regulations will continue to grow in the future. For example, vapors from gasoline have been determined to be damaging to the atmosphere, and regulations are continually evolving to ensure responsible controls minimize the damage. Vapor recovery systems have been installed, as required, on the City's vehicle fuel delivery systems. The Vehicle Services Division has purchased necessary equipment to comply with vehicle emissions compliance certifications mandated by the State of Oregon's Department of Environmental Quality. A study of the options suggested this method, in comparison to customers all driving to State Inspection Stations, would increase costs to the Vehicle Services Division, but reduce overall costs to customer bureaus. While the technology is expensive, it is necessary to comply with the regulations and contribute to cleaner air. The future will hold additional expenses associated with regulations, however, with a centralized provider of service, the City will benefit in the future through comprehensive responses to environmental regulations that ensure responsible compliance and minimum vehicle related costs for all vehicle customers.

The Vehicle Services Division has successfully utilized computerized information management systems to effectively improve services within

the City. As a leader in this field, the City of Portland is visited and consulted by other vehicle service organizations to gain an understanding of our applications and experiences. We utilize computers throughout our facilities and share information over a wide area network to coordinate common systems. Long-range plans established in 1988 have been continually adjusted to reflect changing methods, programs, computer capabilities, expansions, and missions. Organization and availability of information will allow future decisions that improve services to customers and reduce costs to the City. Fact-based maintenance histories and inventory usage will allow informed management directions to correct problem activities and prevent future repetitions. Investments in appropriate computers and applications have proven very successful in the management of vehicle and equipment, and will be increasing necessary, as the City requires greater productivity from limited resources. Continuing investments in computerized information management will be an essential technological tool to be employed by the Vehicle Services Division to control costs and provide efficient availability of vehicles in the future.

Modern vehicles are the backbone of reliable assistance to City bureaus in the accomplishment of their primary missions. The City Council has committed support to the funding of regular vehicle replacements to ensure high-maintenance, low-availability vehicles are removed, and modern technology replaces the older fleet of vehicles and equipment. New vehicles are very necessary, although City bureaus desire more complex, larger, and expensive vehicles. The complications are often more difficult to understand and maintain, but the availability of repair parts, warranty service, and other support elements contribute to a strong advantage over older vehicles. Council support for new vehicle purchases will be increasingly necessary in the environment of competing interests for the City's limited resources. As a centralized representative for vehicles assigned to all City customers, the Vehicle Services Division will work with the City Council to encourage responsible support for efficient vehicle replacements to reduce total City costs in the coming years.

A major portion of the ten-percent budget reduction required through the Administrative Review Process was a recommendation to reduce the planned vehicle replacement program by an arbitrary extension of the anticipated lifecycle of all vehicles and equipment by one year. While this option was suggested in preference to reducing the number of vehicles in the City, it will result in increased maintenance costs and reduced availability of vehicles to customers because of the increased repair time. Technology associated with repair equipment, training, and management tools will allow the centralized resources of the Vehicle Services Division to focus efforts more effectively on reducing the negative impacts to City bureaus with vehicles. The technological advantages of a modern fleet of

vehicles will be utilized to achieve a program of low costs and high availability.

## **IX. FINANCIAL ISSUES**

Vehicle services are currently provided to all City customers, and to many other government organizations. Where appropriate, and advantageous to the City, services regularly provided for vehicles and equipment will also be available to other agencies.

Outfitting of police patrol cars is a specialty of the City of Portland. The cars driven in Portland are among the best and most completely outfitted vehicles in the nation. Many customized improvements result in a unique vehicle with safety and flexibility as very obvious characteristics in the cars on the street. Custom fit window bars, designed and built by the Fabrication Shop in Vehicle Services, are installed to protect doors and windows. Special bars on the front of patrol cars, designed and built by Vehicle Services, are used to protect the vehicles in maneuvers by officers to strike fleeing drivers' vehicles. These attentions to detail are extended to areas not obvious to the casual observer, including work under the vehicle and comprehensive wiring connections designed to translate the labor-intensive installation into lifetime cost savings from reduced electrical problems. Our efforts have been recognized by other agencies, and we will provide similar services to other police programs if the timing is appropriate and the associated costs present an advantage to the City.

Vehicle services associated with the City's Fabrication Shop and Body & Paint Shop have been requested by other agencies from time to time. When these services can be offered to generate outside income without disadvantaging City services, they will be provided to assist the other government agencies and generate additional income to offset City costs.

The Vehicle Services Division is responsible for the disposal of surplus City vehicles, and several different methods are utilized to provide the maximum return. Current laws, regulations, and policies allow us to negotiate the sale of vehicles to other government agencies. The City will continue to furnish our old vehicles to other, usually smaller, cities and counties throughout Oregon, Washington, California, Idaho, and other states. These transactions benefit the other government agencies, and provide funds for the replacement of City vehicles without associated costs for advertising or third-party salespeople. Larger sales are organized to allow public participation in vehicle and equipment auctions. These are managed by the Vehicle Services Division, and produce a higher return than other methods available for disposal. This practice will

be used to maximize outside income and reduce the amount necessary from customers within the City for the purchase of vehicle replacements.

The City will continue to benefit from the financial and responsible advantages of assisting other government agencies as Vehicle Services continues to sell appropriate services. While the City currently experiences the advantages of scale associated with the centralized vehicle service responsibility, adding other government agencies as customers will further reduce developmental and overhead costs to everyone. The Vehicle Services Division will ensure City customers do not suffer from the adjustments to provide outside services and reduce per unit costs.

The current rate development methodology has been refined over time by the City's internal requirements, limitations, and customer requests. Fixed rates are established to provide certainty in charges for budget projections and management. Variable rates have been developed to associate charges with the levels and types of services requested by customers. While constant refinements will be essential to a successful system in the future, the basic rate concept currently in practice will provide a generally fair approach to charges for services.

## **X. IMPLEMENTATION OVERVIEW**

The need to prepare a comprehensive set of vehicle related policies is essential to provide a mutual understanding of roles, responsibilities, and procedures. This should be approved by the City Council before the end of December 2001.

The Vehicle Services Division currently has a responsibility for all vehicles, except Fire-Fighting Apparatus. To realize the optimum advantages of centralization, the responsibility for Fire-Fighting Apparatus should be included within the responsibility of Vehicle Services by July 1, 2001.

Centralized locations for vehicle and equipment services facilities should be established in cooperation with the joint location of other City bureaus and services. All bureaus could share a minimum number of sites for the parking, staging, and repair of vehicles, and their own field operation. Water, Maintenance, Parks, and many other bureaus could share location, vehicles, and facilities. A cooperative process should be instituted immediately to capture the valuable identified opportunities, reduce the negative impacts of budget reductions, and recognize unanticipated advantages of joint location. Planning for this opportunity should begin immediately to ensure all future decisions recognize a common goal.