



CITY OF FAIRFIELD

Founded 1856

Incorporated December 12, 1853

Home of
Travis Air Force Base

COUNCIL

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September 15, 2009

Honorable Ramona Garrett
Presiding Judge of the Superior Court
Solano Superior Court
600 Union Avenue
Fairfield, CA 94533

Re: 2008-2009 Grand Jury Report Entitled: City of Fairfield Vehicle Program

Dear Judge Garrett:

This letter is in response to the Grand Jury request dated July 9, 2009 regarding the City of Fairfield Vehicle Program. The Grand Jury's Findings and Recommendations are listed below along with our response:

Finding 1: The example provided by the City for not leasing vehicles does not appear to justify the decision for not leasing vehicles.

Recommendation 1: The City should reconsider leasing part of its fleet. This would make it easier to modify the size of the fleet based on need and economic considerations. For instance, in lean budget years, there would be more flexibility to reduce the size of the fleet. Some leases may include all or a portion of their scheduled maintenance costs. Additional costs for turning in a vehicle early would be partially offset by savings in fuel and maintenance.

Response to Finding and Recommendation 1 – Agree with finding; disagree partially with the recommendation.

Finding 1 states that, "The example provided by the City for not leasing vehicles does not appear to justify the decision for not leasing vehicles". The previous example regarding police motorcycles was of limited scale. The following response addresses both Police vehicles and vehicle purchases for the remainder of the city excluding the Fire Department.

The Police Department conducted a comprehensive fleet review examining available cost options in March, 2009. The Fairfield Police Department patrol fleet is composed exclusively of Ford Crown Victoria Police Interceptor sedans. The Ford Motor Company offers a Municipal Finance Program as an alternative source for medium-term, tax exempt financing for state and local law enforcement agencies. This program is structured strictly as a lease/purchase option with a final \$1 buyout per vehicle at the end of the lease. The purchase price of the vehicle is determined by the local dealership, based on the number of vehicles leased. The program requires the funds for the entire lease term to be placed in an escrow account at the start of the lease and paid out in equal amounts over the life of the lease. Early return of leased vehicles is not an option in the Ford program.

When compared with the vehicle purchase price obtained through a Request for Bid process in April, 2009, the lease program did not offer significant pricing advantages. The cost per vehicle over a three year lease was \$23,890 with a six-eight week delivery period, whereas the per vehicle purchase price from the bidding process was \$23,676.77 with 4 week delivery.

For the remainder of the city fleet, the City has recently examined several other lease options, and based on this further analysis and discussions with other public agencies, has concluded that leasing vehicles is generally more expensive than purchasing vehicles for the City, as well as most other public agencies. In a continuing effort to minimize operational costs, the City will continue to explore this option as more alternatives become available. As of yet, the City has not found a commercially available leasing plan that is less expensive than purchase.

As stated above, the City continues to evaluate leasing as an option, and in the event we find one that is economically advantageous, we are willing to consider leasing of vehicles. While leasing may not be less expensive than purchase in a standard life-cycle analysis, there are instances, such as rapid organizational downsizing, where leasing could conceivably help protect against loss from a stranded investment in a vehicle. However, in order to offset the added cost of leasing, it is necessary to know or expect that a vehicle will be prematurely retired (from downsizing or any other cause) before the vehicle is scheduled to be purchased. In most instances, this is not practical.

Finding 2: The city currently allows 91 of the 377-vehicle fleet, which is 24% to be used for personal commute to work assignments from home. This number of vehicles taken home by employees is high.

Recommendation 2: The City should examine the original justification and determine if the policy is still appropriate. The above-referenced procedure for assignment of vehicles should be reviewed and justified annually by each department head and the City Manager.

Response to Finding and Recommendation 2 – Agree with finding; agree with the recommendation.

The Fairfield Police Department provides police officers the option to take their assigned vehicle home if they meet the criteria stated in the Assigned Vehicle Program Procedure 2310 and in the Assigned Vehicle Program Policy 705.3. For those officers assigned to marked police vehicles, this option increases the visible presence of police within the community and serves to deter potential crime. Detectives, assigned to unmarked vehicles, and those sworn personnel in specialty assignments save time when responding to emergency call outs from home rather than reporting to the police station for their official vehicle. This also saves time and money for the City.

The sworn officers with the rank of Lieutenant and above are provided a vehicle as part of their negotiated labor contract or Memorandum of Understanding with the City. This agreement is now re-negotiated annually.

The City Manager will review and justify the policy on an annual basis.

Finding 3: The exception to the Assigned Vehicle Program Procedure 2310, Section B is over broad and allows a loose interpretation of the rules, which could lead to fiscal abuse in these difficult economic times.

Recommendation 3: The City Manager should review language in the current policy and the proposed draft of the procedures then make appropriate recommendations before being presented to the City Council. This would keep individual department policies from conflicting with approved City policies.

Response to Finding and Recommendation 3 – Disagree partially with finding; agree with the recommendation.

The Police Department reviewed the Assigned Vehicle Program Procedure as part of the take-home policy and fleet expense evaluation in March 2009. No abuse issues or interpretation issues were noted at that time. Officers are required to sign updated vehicle assignment agreements when officer assignments are changed or the location of the vehicle changes to insure compliance.

The City Manager will review the city policies to provide consistency throughout all departments.

Finding 4: The last review of the Police Department assigned vehicle policy was made 15 years ago under different economic circumstances.

Recommendation 4: Review and evaluation of City policies covering vehicle fleet usage by all City departments should be made annually. Other Fairfield City departments with take-home assigned vehicle policies should also be reviewed.

Response to Finding and Recommendation 4 – Disagree with finding; agree with recommendation.

In the March 2009 comprehensive fleet review the Police Department evaluated various costs associated with the assigned vehicle program to insure it was still the most fiscally responsible option. Costs associated with an all-pool fleet and those for individually assigned vehicles were compared, including maintenance costs, fuel costs, life-cycle mileage and auction revenue. The all-pool fleet required 2 vehicles per 24 hour period with a 9 year/90,000 mile life-cycle while the assigned vehicle program required 3 vehicles per 24 hour period with a 12-year/115,000 mile life-cycle. Over a 12 year lifecycle, the assigned vehicle program saved \$78,038 or \$2,168 per car per year.

As a result of this study the Police Department was able to justify lengthening the per vehicle life-cycle from 9 years/90,000 miles to 12 years/115,000 miles. This extended life-cycle was approved by the City Council in March, 2009 and the Assigned Vehicle Policy 705.2 was revised to reflect this longer period. As a result the purchase of replacement vehicles for the Police Department has been moved 2.5 years to fiscal year 2012-2013.

The City Manager will review and evaluate City policies annually.

Finding 5: Combining vehicle purchases with other governmental agencies has proven to be cost-effective.

Recommendation 5: The City should continue and expend efforts on the taxpayers' behalf to combine vehicle requirements with third parties where it is shown to be cost-effective.

Response to Finding and Recommendation 5 – Agree with finding and recommendation.

In the past the Police Department has been diligent in the bid process, using CHP standards in preparing the Request for Bid and incorporating the State Vehicle contract rates in final price comparisons. At least three local dealerships are solicited and their bids presented with the State Vehicle contract rate when recommendations are made to the City Council. This practice insures the City is purchasing replacement vehicles for the fleet at the lowest available price. This practice will continue when replacement vehicles are considered again in 2012-2013.

For the remainder of the City fleet, staff has utilized the California Multiple Awards System (CMAS) as well as other high-volume bidding systems to purchase vehicles and equipment. We have found this approach to be economical and will continue to utilize this approach where it is cost-effective to do so.

I trust that the information provided adequately responds to the Grand Jury's Findings and Recommendations.

Sincerely,



Sean P. Quinn
City Manager

Attachment: Original Grand Jury Letter