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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D C 20548

GENERAL GOVERNMENT
DIVISION

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Mr Herbert L Tucker
Acting Director
Department of Environmental Services
District of Columbia Government
Washington, D C 20004

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Dear Mr Tucker

We have been studying the District's motor fleet management program to determine (1) if benefits would accrue from a centrally managed operation and (2) how effectively and economically city-owned vehicles are acquired and maintained

We selected three major departments, including the Department of Environmental Services (DES), for our study We reviewed DES motor vehicle policies, procedures, records, and management controls We also reviewed, using a random sample, the need for and use of 149 of the 380 passenger carrying vehicles assigned to DES (See p 3) These vehicles included sedans, carryalls, jeeps, and pickups A random sample of 30 of about 1,000 DES vehicles was examined to evaluate maintenance practices (See p 4)

This report discusses problems we observed and suggests corrective actions Comments of your office and the Department of General Services (DGS) have been considered in preparing this report

CENTRALIZING DISTRICT-WIDE MANAGEMENT OF ITS MOTOR FLEET

Since 1959, GAO and others have criticized the District for not having an efficient and economical vehicle fleet management program In 1972, the Nelsen Commission--the most recent group to study the District's motor fleet--made the following two recommendations to resolve longstanding management problems

--Establish a single organization to be responsible for motor-equipment management, including maintenance, repairs, utilization, acquisition, replacement, and disposal

--Establish a central information system for the surveillance, scheduling, and control of vehicle maintenance

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The District fleet's management is not centralized Each major city department has its own maintenance facilities, personnel, and operating policies and practices

We believe that the city and each depar tment can realize substantial savings by implementing a centralized motor fleet management program For example, a central authority could reassign (either temporarily or permanently) vehicles, underutilized within or among departments, to other organizations needing additional transportation services (See p 3)

A logical place to begin would be to establish a good motor fleet management program in each department Although DES established a central organization for motor fleet management in 1974, the central organization has been concerned with operating the maintenance and repair facilities and with establishing maintenance guidelines DES has continued to make uneconomical purchases and ineffectively maintain its fleet because the central organization has not effectively exercised its authority in such matters Thus, for all practical purposes, the control of the fleet is still decentralized

We will discuss the benefits of a centralized motor fleet operation in a later report Discussed in this report are problems that are within your authority to correct

DES MOTOR VEHICLE OPERATIONS

DES has over 1,000 motor vehicles, including 380 passenger carrying vehicles and 631 special-purpose vehicles (e g , solid waste trucks), estimated to have originally cost $12 million There are about 110 mechanics assigned to 4 organizations in DES DES has 11 maintenance activities located in 10 District-owned buildings In fiscal year 1976, DES estimated that about $4 4 million was spent on maintaining and operating this fleet

We believe motor fleet management objectives for DES to attain are to (1) limit investment to essential vehicles, maintenance facilities and parts and (2) effectively use vehicles DES' motor fleet program does not meet these objectives

Investment, operating, and maintenance costs could be substantially reduced by changing methods for estimating the number and types of vehicles to be purchased and by increasing use of existing vehicles There are also opportunities for increasing the availability of vehicles and reducing the number of unscheduled repairs by more closely adhering to DES preventive maintenance standards The number and extent of repairs could be lessened by having supervisory maintenance personnel pay closer attention to available information on vehicle repair histories and requests for work and parts

CONSIDERATIONS FOR DETERMINING SIZE AND COMPOSITION OF THE MOTOR FLEET

In determining whether to buy additional or replacement vehicles, we believe a motor fleet manager should consider the following factors

--Can greater use be made of existing vehicles to avoid buying new ones?

--Do alternatives to purchasing vehicles have merit, such as reimbursing employees for using their privately owned vehicles for business purposes, leasing vehicles, etc ?

--If it is necessary to buy a new vehicle, what size and type vehicle will be adequate?

Our study indicates that DES personnel usually do not consider these factors in determining the size and composition of its fleet

Increased use of existing fleet to avoid new purchases

DGS, the city department responsible for property and supply management, issued guidelines to assist agencies in managing motor vehicle operations The guidelines recommend that sedans and light trucks (1 ton and under) be used an average of 12,000 and 10,000 miles respectively, each year Our sample of 26 of 149 such DES vehicles showed actual mileages substantially below this standard ranging from 1,443 to 7,336 miles for sedans and 2,209 to 8,300 for light trucks In 1975 the 13 light trucks included in our sample were used about 69,000 miles less than the recommended standard During this period, DES bought 19 light trucks to replace existing vehicles and increase the size of the fleet However, 13 of these trucks--costing about $44,160--may not have been needed had DES made more effective use of existing vehicles

Consider reimbursing employees for using their privately owned vehicles for business purposes

One hundred and forty-nine District-owned passenger carrying vehicles were assigned to DES supervisory and administrative personnel in 1975 Based on DES utilization and cost information, these vehicles were driven about 769,000 miles and cost about $220,000 to operate and maintain This amount included costs for 14 vehicles assigned to supervisors who were authorized to take the vehicles home Eleven of these supervisors said that the cars were assigned primarily to be used for emergencies after the normal workday and that they responded to about 370 emergency calls during the year or an average of 3 calls a month A department official told us the other three supervisors used their vehicles almost every evening to meet with the community on solid waste collection matters

If employees were reimbursed the maximum District rate of 13 cents a mile instead of being provided a District-owned vehicle, about $120,000 in operating and maintenance costs alone could be saved annually Also, the District can buy motor vehicles through the U S General Services Administration (GSA) and, based on 1975 prices paid by GSA for subcompacts and intermediate sedans, about $375,000 to $465,000 of future vehicle replacement costs for the 149 vehicles could be eliminated

Consider buying compacts and subcompacts instead of sedans and pickup trucks

GSA Federal Management Circular 74-1 (dated Jan 21, 1974), which the District follows, suggests that vehicles with minimum body and engine size and maximum fuel efficiency be purchased to meet operational needs DES could have reduced initial acquisition costs about $700 to $900 per vehicle and gasoline usage 1,900 gallons in fiscal year 1975 by buying compact and subcompact cars instead of eight light trucks According to a DES official DES purchased eight 1975 pickup trucks to take supervisory personnel to worksites A DES official told us that these supervisory personnel did not carry any bulky equipment or materials that would justify the need for their pickups

VEHICLE MAINTENANCE PRACTICES

There are two types of vehicle maintenance--preventive (or scheduled) and unscheduled The purpose of preventive maintenance is to keep equipment safe and serviceable and to detect and correct minor deficiencies before they develop into costly repairs Such maintenance requires adhering to a systematic scheduling program for making equipment available to inspect and repair Unscheduled repairs should usually result only from unforeseen circumstances or causes beyond the motor fleet manager's control, such as accidents or premature mechanical failures DES should consider making the following improvements in its repair and maintenance practices

Follow preventive maintenance standards more closely

GSA states that the ratio of scheduled maintenance to unscheduled repairs for all types and classes of vehicles indicates whether (1) repair work is of good or poor quality, (2) preventive maintenance scheduling is proper, and (3) inspection and quality control is good According to GSA criteria, a maintenance shop should strive to maintain a 3 to 1 ratio of scheduled to unscheduled maintenance These criteria are part of the District-wide DGS motor fleet guidelines

Vehicles frequently are not serviced at specified intervals For example, 14 cars and light trucks should have been serviced 85 times between September 1973 and July 1975, but they were actually serviced 46 times

Unscheduled work results in increased vehicle downtime and costly disruptions of work schedules Between September 1973 and July 1975, DES' ratio was 1 to 4 for scheduled to unscheduled work for all 30 of about 1,000 vehicles we randomly sampled

One reason for this high incidence of unscheduled repairs appears to be DES' failure to adhere to prescribed preventive maintenance schedules We found 912 unscheduled repairs which included 123 road calls from the sampled vehicles Road calls included, for example, replacement or repair of water hoses or batteries DGS and DES criteria recommend that certain preventive maintenance steps be performed at specified intervals--for example, DES criteria calls for inspection of water hoses and batteries every 3 months

The age of the fleet was cited as the major reason for the disproportionate number of unscheduled repairs and road calls However, a DES official agreed that another reason was DES' failure to adhere to preventive maintenance standards

More effective supervision of vehicles repair activities needed

A motor maintenance supervisor or service manager is responsible for approving requests for repairs, parts, and supplies and supervising or inspecting vehicles before and after the repair or maintenance work is done To assist service managers, DGS provides periodic reports showing the number and nature of repairs made over at least a 10-month period for each vehicle However, service managers apparently are neither using these reports nor effectively performing their duties because all 30 vehicles we randomly sampled had similar or identical repairs made within short time frames--for example

1 Refuse truck - Twenty-three batteries were installed over a 34-month period, or an average of one battery every 1 5 months

2 Trash compactor truck - Spark plugs were replaced five times in an 8-month period, twice within 2 days Also, the battery was replaced four times in less than 5 months

3 Sedan - Spark plugs were replaced nine times within 22 months twice within 1 week Also, the battery was replaced five times in 8 months

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In an annual report for the period February 1975 through January 1976, the DGS Director commended DES for improving its fleet management

activities DES saved about $100,000 in operating and maintenance costs in comparison to a prior year's costs However, DGS noted that additional improvement was needed, particularly in DES' preventive maintenance program, to insure an economical and effective fleet management program

Officials of the D C Auditor's Office told us that they had never reviewed District motor vehicle operations The Office of Municipal Audit and Inspection had made a review of vehicle parts acquisition activities but had never reviewed motor vehicle operations

CONCLUSIONS AND RECOMMENDATIONS

We recognize the progress in DES' fleet management program cited by DGS However, additional steps can be taken to improve the program's economy and effectiveness

Authority to manage the motor fleet program should be centralized within one agency in DES, and that agency should, among other things

--establish departmental motor vehicle policies and procedures,

--evaluate and approve the need for each new or replacement vehicle to be purchased or leased,

--keep accurate operation and maintenance information,

--monitor maintenance practices to assure preventive maintenance schedules are followed and unscheduled and repetitive repairs are minimized In addition to reviewing work authorizations, vehicle repair histories, and other repair documentation, the agency should make frequent inspection of DES' 11 maintenance sites

To avoid added fleet acquisition costs, the central agency should consider

--Increasing the use of existing vehicles by pooling and vehicle rotation among DES organizational elements to the maximum extent possible

--Using privately owned vehicles instead of assigning District-owned vehicles to transport supervisory and administrative personnel.

--Buying subcompact and compact cars, where feasible, instead of light trucks and intermediate and full-size cars

Further, continued emphasis should be given to DES' preventive maintenance program and to insuring that service managers are effectively performing their duties

We believe periodic independent reviews are needed to control and improve the program We therefore are recommending that the D C Auditor and Office of Municipal Audit and Inspection make periodic reviews of the District motor fleet management operations

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Copies of this report are being sent to the Mayor, City Council, Office of Budget and Management Systems, D C Auditor, Office of Municipal Audit and Inspection, and the Department of General Services

Please let us know within 60 days the actions you plan to take to correct the above-mentioned problems If you have any questions, please call me on extension 3123 or 3124

Sincerely yours,

Frank Medico

Frank Medico
Assistant Director