



San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Programs

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ISSUE

Is San Mateo County effectively managing its vehicle fleet and employee vehicle reimbursement programs for both operational and financial savings?

SUMMARY

San Mateo County (County) allows some of their employees to utilize County fleet vehicles or their personal vehicles to conduct County business. Those using their own personal vehicles are reimbursed based upon mileage driven or a fixed vehicle allowance. In the case of employees using County fleet vehicles, their departments are charged for the usage. Additionally, the County allows certain employees to drive County owned vehicles to their residences overnight. Due to the County's current fiscal condition, the 2009-2010 San Mateo County Civil Grand Jury (Grand Jury) investigated the reasons for authorizing employees to use County vehicles, overnight vehicles, employee reimbursement, and the policies and procedures governing their use. The 741 passenger vehicles in the County's fleet cost \$4,436,324 for supplies, fuel, and salaries per year. This is in addition to the replacement cost of the fleet of approximately \$2M per year – a total expenditure of \$6.4M per year. This report concerns the 556 vehicles assigned to departments and/or individuals. It does not cover motor pool vehicles or Sheriff's Office patrol vehicles.

INVESTIGATION

During the investigation, the Grand Jury reviewed:

- San Mateo County Ordinance Code, Chapter 2.72
- County Administrative Memorandum – D-5
- San Mateo County Driving Policy and Safe Driving Practices manual
- Sheriff's Department and District Attorney's Office policies on vehicle use
- Probation Department's Administrative Manual on Standards of Conduct
- San Mateo County Public Work's Assigned Vehicle Report, FY 2008-2009
- Marin County's Driving Manual

The Grand Jury sent a questionnaire to all County department managers regarding the use of County vehicles by members of their staffs.

The Grand Jury interviewed/contacted employees from the following County departments: Controller, Public Works, District Attorney, Risk Management, Sheriff, Health Services, and Probation.

The Grand Jury contacted representatives of San Francisco, Marin and Santa Clara Counties.

BACKGROUND

The County has approximately nineteen individual departments whose employees rely on either motor pool vehicles, department assigned vehicles, personally assigned County vehicles, vehicle allowances, or reimbursement for the use of their own vehicles to conduct County business. The Public Works Department is responsible for the purchase and maintenance of the vehicle fleet and bills each department the mileage cost generated by their employees' usage. The use and mileage costs are the responsibility of each department manager. When the Grand Jury asked a manager about his department's vehicle cost, the Grand Jury was told "it is a small item in a large budget". The Grand Jury learned the FY 2009 cost, excluding replacement cost, for the 556 assigned vehicles was \$3,084,896.76.

At the end of 2009, the Public Works Department calculated the cost to maintain a Toyota Prius at \$.38 per mile, a Ford Grand Victoria at \$.47 per mile, and a Ford Explorer at \$.54 per mile. Note that the \$.54 per mile figure for Ford Explorer was provided by Public Works, although this category of vehicle is not reflected in Table 1 of the Appendix. Monthly, the calculated cost based on mileage and vehicle type used is transferred to the individual departments' budgets. This charge applies to both motor pool and department assigned vehicles. In addition, a yearly vehicle replacement fee per vehicle is also charged to each department that has assigned vehicles. Per mile charges and annual replacement charges for all vehicle classes are listed in Table 1 of the Appendix.

Assigned Fleet Vehicles – County FY 2009 Actual - \$3,084,896.76

The Grand Jury reviewed the Public Works Assigned Vehicle Report – FY 2008-2009, which covers only vehicles, assigned to departments and individuals, but does not include motor pool vehicles. Table 2 of the Appendix reproduces the mileage and corresponding annual cost for 50, randomly chosen assigned vehicles, about 10% of the total vehicles. The vehicles chosen were all in the most prevalent Class AV02 – mid-size auto with the corresponding rate of \$.47 per mile (FY- 2009 rate). This cost includes insurance, fuel, towing, routine maintenance, service and repair. The rate does not include vehicle replacement cost. In addition to the mileage cost, departments with assigned vehicles are charged \$2,867.00 per AV02 vehicle, per year as replacement cost.

The replacement criteria are seven years or 100,000 miles for AV02 vehicles.¹ As is listed in Table 2 of the Appendix, the actual cost per mile varies from \$.61 (vehicle 87537) for driving 19,876 miles in a year to \$1.82 (vehicle 88752) for driving 2,116 miles in a year. Taking into account the amortized vehicle replacement cost for these 50 vehicles of \$2,867, the actual cost to the County is \$.85 per mile (excluding motor-pool and Sheriff's patrol vehicles). To achieve an

¹ San Mateo County Department of Public Works- Sec VIII – Rate Schedules

average cost per mile of \$.55, the 2009 IRS reimbursement rate², a vehicle would have to be driven about 36,000 miles per year compared with the 2009 actual average of 10,000 miles. In fact, the \$.30 per mile actual excess-mileage cost of providing County-owned vehicles means that \$1.7 million more may be spent per year than would be needed to reimburse employees for business travel using their own vehicles.

The Grand Jury found that only 44 sedans listed in the Vehicle Report were driven in excess of 20,000 miles per year (does not include Sheriff's patrol vehicles), while another 55 sedans were driven less than 5,000 miles per year.

All of the cars with low mileage usage that the Grand Jury viewed on the Vehicle Report were assigned to individuals or departments rather than to the motor pool. It was not possible to determine the motor pool mileage statistics from the Assigned Vehicle Report. However, during Grand Jury interviews, all individuals stated they had never had a problem with obtaining motor pool vehicles. Additionally, managers indicated that they never asked to use other departments' vehicles when all their assigned vehicles were in use – even at the off-site motor pool locations. Potential elimination of the assigned vehicle fleet would undoubtedly increase demand on the County's motor pool beyond the current unused vehicle-hours. Before adding significant new assets to the motor pool, the addition of any of a number of fleet tracking and reservation technologies could substantially improve efficiency. For example, according to a media report, Washington D.C. was able to reduce the size of its fleet from 1560 vehicles to 1200 vehicles.³

Vehicle Mileage Reimbursement – County FY 2009 Actual - \$813,157.86

County employees who use their own vehicles for County business are reimbursed \$.55 per mile. The Grand Jury learned that the department managers run the program on the “honor system” and they felt that employees could be depended upon not to take advantage of the system. No routine mileage checks are performed and if destination logs are kept, they are not reviewed. When the Grand Jury asked department managers how they monitored employees' vehicles to ensure that the mileage was legitimate, the standard answer was “in-department accounting would notice mileage fluctuation and that could indicate a problem”.

Vehicle Allowance – County FY 2009 Actual - \$639,993.78

Ordinance Code Section 2.72.030 provides that members of the Board of Supervisors and the County Manager may elect to receive a monthly transportation allowance. When designated by the County Manager, department heads and/or assistants may also elect to receive a transportation allowance. Below is the list of yearly vehicle allowances by job type.

² www.irs.gov/newsroom/article/0,id=200505,00.html

³ For examples: <http://www.govtech.com/gt/704322>

San Mateo County Yearly Vehicle Allowances - as of July 22, 2008 ⁴

OFFICIALS (Examples from Table 3, Appendix)	YEARLY ALLOWANCE PER PERSON
SUPERVISORS, COUNTY MANAGER	\$13,338
DISTRICT ATTORNEY	\$12,636
DEPARTMENT HEADS	\$12,001
LIEUTENANTS, DIRECTOR OF PHARMACY, SUPERINTENDANT OF PARKS	\$10,842
SUPERVISORS' LEGISLATIVE AIDES	\$4,706 - \$ 5,616

The Grand Jury contacted nearby counties' to determine current vehicle allowances:

- San Francisco County - \$7,800 - \$10,400 annually⁵
- Marin County - \$9,600 annually⁶
- Santa Clara County - \$6,000 - \$7,200 annually⁷

The other counties only provide allowances to department heads. In comparison, San Mateo County provides vehicle allowances higher than those of other counties. Also vehicle allowances are provided to many employees that don't meet the criteria in the Ordinance. All individuals currently receiving vehicle allowances are listed in Table 3 of the Appendix. Table 4 of the Appendix shows the amount per department in FY 2009 and the total for the County, \$639,993.78. Additionally, vehicle allowance is part of compensation and counts towards retirement. It is added on top of salary so it increases the pension, if it is received during the time period used to calculate "final compensation" (last year or last three years depending on when the employee was hired by the County).

Overnight Vehicles

The County Manager has approved 84 employees to drive County owned vehicles home. Fifty-three employees take an overnight vehicle home every night. The remaining 31 vehicles are taken home on an "as needed basis".

The majority of the 53 assigned overnight vehicles are assigned to employees in three departments: Sheriff (36), District Attorney (12), and Probation (5). The purpose of the assignments is to allow certain personnel to be available for emergencies after their scheduled work hours. Some of the vehicles come equipped with specialized equipment that is needed in emergencies. The County assumes all costs and liability for such vehicles including the cost to commute on a daily basis from the employees' homes and back.

The Sheriff's Office has overnight vehicle approval for 64 employees. Recently, the number of employees with overnight vehicle approval was reduced by 28. The Sheriff's Office did not

⁴ San Mateo County Board of Supervisor's Resolution No. 069572 – July 22, 2008

⁵ San Francisco Controllers Payroll Operation -PPSD

⁶ Marin County Budget Department

⁷ Santa Clara Budget Department

perform surveys to determine which overnight vehicle approvals would be terminated, but stated that a number of factors were considered including business need, on-call status and distance traveled from work. The Sheriff's Office stated that this action would reduce the department's overall costs by \$150,000. The Sheriff's Office also stated that it had not regularly conducted surveys of assigned overnight County vehicles, including the number of actual on-call emergencies involving overnight vehicles.

San Mateo County Administrative Memorandum, D-5 states, "The County Manager must approve, in advance, overnight vehicle assignments. Department heads must submit written justifications for all County vehicles assigned overnight by February 15th of each year so that the County Manager can determine if overnight assignments should continue." The following criteria must be used in the overnight assignment of County-owned vehicles:

- Continuous On Call Status
- Special Equipment
- Work Location
- Vehicle Use Required During Other Than Working Hours

If an employee assigned an overnight vehicle lives only 15 miles from Redwood City and drives a Ford Explorer, the estimated cost to the County for this overnight vehicle would be about \$3,888 per year in commute miles. (\$.54 cents per mile times 30 miles round trip times 20 days a month times 12 months a year). This is a very conservative estimate and does not take into account the additional replacement cost of the vehicle. Some employees with overnight vehicles live in such locales as Morgan Hill (94 miles round trip), Pleasanton (68 miles round trip), and San Jose (46 miles round trip).

The Sheriff and District Attorney's policies require that employees with overnight vehicle assignments live within 50 miles of Redwood City (100 miles round trip). However, it must be noted that the resulting 100-mile round trip costs the County approximately \$11,610 per year.⁸ This cost is in addition to on-the-job mileage. When the Grand Jury questioned if the maximum 50-mile policy was excessive, the response from each department was that the employees were "good employees" and the mileage was justified by their present job assignment and on-call emergencies outside of normal work hours.

The Sheriff's Office provided documentation showing 63 on-call emergencies involving overnight vehicles in a six-month period:

31 – Sexual Assault

18 – Major Crimes that may involve 2-4 detectives

14 – San Francisco International Airport detective call-outs

The Grand Jury asked department managers if they performed an analysis of the employees with overnight vehicles who responded to on-call emergencies. The Sheriff submitted the above data, but not a breakdown of which employees historically responded to emergency on-calls; if the employees who responded had emergency equipment in their vehicles; and if it was determined that it was more cost effective to use County vehicles rather than pay employee reimbursement

⁸ Estimated days worked times mileage rate of \$0.54 per mile times miles driven

for the use of their personal vehicles. Accordingly, there is no documentation or analysis by the Sheriff's Office as to which of its employees had a continuing need for the overnight vehicles and which did not.

Department representatives stated that departments ran the program on the "honor system" and the managers felt that the employees could be depended upon not to take advantage of the system.

Vehicle Documentation

The Grand Jury reviewed the San Mateo County Public Work's Assigned Vehicle Report – FY 2008-2009. The report was neither complete nor timely. When the Grand Jury looked at the mileage data, many vehicles showed zero mileage usage for at least one of the months; some vehicles were missing data for up to four months. Table 5 of the Appendix shows selected vehicles from the Assigned Vehicle Report FY 2008-2009. One example, vehicle number 87746, had incorrect mileage entered for the month of January resulting in a department being overcharged for 18,000 miles, which cost an additional \$11,199. This was one of four data input errors found on the report. Department managers, who rely on this data as a budgeting tool, are responsible for the accurate reporting of mileage by their employees.

County Vehicle Insurance Liability

San Mateo County is self-insured. The Grand Jury learned the County reserves \$683 per vehicle per year for liability – this is included in the vehicle mileage costs. The County's liability is reduced when employees drive their own privately insured vehicles on County business because the employee's insurance becomes the primary insurance and the County's insurance becomes the secondary insurance. The County requires employees to carry the minimum insurance required by law, \$15,000 for a single death or injury, \$30,000 for multiple deaths or injuries, and \$5,000 for property damage. However, Marin County's policy is more demanding and reduces the County's liability:

“Employees driving private vehicles on County business must provide certification of auto liability coverage of \$25,000/\$50,000/\$5,000, subject to change by the County Administrator. (For their own protection, however, employees are encouraged to obtain minimum insurance coverage of at least \$100,000/\$300,000/\$50,000.) Employees shall also have collision coverage. A system should be maintained by each department to verify insurance coverage prior to the annual policy expiration date.”⁹

County Vehicle Policies

The County Driving Policy and Use of Cars for County Business Memorandum **does not:**

- Set limits on the mileage an employee may live from his/her duty station while driving an overnight vehicle.
- Require that all unattended vehicles be locked.

⁹ Marin County Administrative Policy and Processes #122- County Vehicle Policy Sec.G.

- Prohibit employees from leaving compromising information (to both California residents and County departments) both written and electronic in unattended vehicles.
- Prohibit passengers in County vehicles unless they are being transported for County business.

FINDINGS

1. Assigned Fleet Vehicles

- a. San Mateo County department managers do not have an effective system to monitor fleet vehicle use or mileage reimbursement. Department managers make decisions on use and assignment of vehicles without any documentation or surveys to support their conclusions.
- b. There is no process in place to track or analyze vehicle data or justify vehicle assignments, or having 53 vehicles on-call on a daily basis.
- c. Vehicles are assigned to departments and individuals within departments without provisions for other departments or individuals to use these vehicles.
- d. County vehicle maintenance costs have increased dramatically from \$685 in 2004 to \$1,452 in 2010¹⁰.
- e. The County is currently spending \$1.7 million more per year on assigned fleet vehicles than it would if all 556 assigned vehicle users were driving their own cars for County business and being reimbursed at the 2009 IRS rate of \$.55 per mile.
- f. Current motor pool vehicles are ready available; numerous fleet tracking and reservation technologies have been found by government agencies to significantly increase motor pool utilization.

2. Vehicle Mileage Reimbursement

- a. For non-motor pool, it is less expensive for the County to reimburse an employee at \$.55 per mile (2009 rate) to use his/her own vehicle on County business than to supply the employee with a County owned vehicle. It should be noted that the County has policies in place to encourage the use of public transportation by County employees.
- b. Department managers have no system in place to verify employees' mileage and usage of their personal vehicles on County business.
- c. Department managers depend upon employees to use an "honor system" in recording their vehicle mileage and usage.

3. Vehicle Allowance

- a. The Board of Supervisors sets the vehicle allowance amounts and the County Manager determines which employees, in addition to himself and the Board of Supervisors, receive vehicle allowances.
- b. Vehicle allowances in San Mateo County are higher than in other nearby counties and are provided to a broader range of County employees.

¹⁰ http://www.co.sanmateo.ca.us/vgn/images/portal/cit_609/49/57/133796582fleet_op_review.pdf

- c. If an employee receives a vehicle allowance within the time period used for calculating his/her pension, it is included in the retirement calculation for his/her pension.

4. Overnight Vehicles

- a. There is a cost to the County in allowing its employees to drive County vehicles home overnight.
- b. The Sheriff's Office has reduced the number of employees with overnight vehicle approvals from 64 to 36. This reduction is estimated by the Sheriff's Office to save \$150,000 per year.
- c. The County Manager has final approval as to which employees are assigned overnight vehicles based on established criteria.

5. Risk Management

- a. The County has no system in place to ensure that employees driving their personal vehicles on County business have car insurance.
- b. The County requires employees to carry minimum car insurance as per California law.
- c. According to a County official, raising the minimum level of employee car insurance could discourage some employees from driving their own vehicles on County business.
- d. The use of overnight vehicles increases County liability.
- e. The County holds in a self-insurance reserve \$683 per vehicle per year. This is included in the vehicle mileage costs.

6. Policies and Procedures

- a. San Mateo County's Driving Policy lacks several provisions that may reduce County costs:
 - i. Setting limits on the mileage an employee may drive from his/her duty station while driving an overnight vehicle.
 - ii. Requiring that all unattended vehicles be locked.
 - iii. Prohibiting employees from leaving compromising information (to both California residents and County departments), both written and electronic, in unattended vehicles.
 - iv. Prohibiting passengers in County vehicles unless they are being transported for County business

CONCLUSIONS

The 2009-2010 San Mateo County Civil Grand Jury concludes that:

1. Fleet Cars

- a. The County's vehicle fleet is too large, not cost effective, and has no comprehensive oversight.
- b. The utilization of the current motor pool fleet may be improved substantially by the deployment of any of a number of fleet tracking and reservation technologies.

- c. The system in place of assigning vehicles to departments and individuals does not maximize vehicle use.

2. Mileage Reimbursement

- a. There is no system in place to verify employees' mileage claims for reimbursement.
- b. Relying solely on an "honor system" where money is involved can lead to abuse.
- c. Mileage reimbursement would save the County at least \$5,002 per assigned vehicle per year compared with supplying those employees with County owned vehicles.
- d. Providing 556 employees with a County-owned vehicle rather than reimbursing them for the same amount of travel in their own vehicle costs the County at least \$1.7 million per year. Actual savings to the County would be less than the \$1.7 million since some additional motor pool vehicles would likely be needed.

3. Vehicle Allowances

- a. The Board of Supervisors provides higher vehicle allowances to County employees and elected officials than other nearby counties.
- b. The County Manager has designated a number of employees who are not department heads or assistants to receive vehicle allowances.
- c. An employee who receives a vehicle allowance within the time period used for calculating his/her pension will have this amount included in the retirement calculation for his/her pension.

4. Overnight Vehicles

- a. Better financial oversight should be applied to determine the assignment of overnight vehicles.

5. Risk Management

- a. The County has no system in place to verify if employees who drive their own vehicles on County business have vehicle insurance. In order to reduce liability, the County should require more than the minimum car insurance for employees who use their personal vehicles on County business.
- b. The County maintains self-insurance reserves of \$683 per vehicle per year for vehicle insurance.
- c. Reducing the number of fleet vehicles and overnight vehicles would reduce the County's liability.

6. Policies and Procedures

- a. The present system where the County Manager and Public Works Director depend on department managers to ensure vehicle use is maximized does not work. No analysis is performed as to the benefit of assigned vehicles, motor pool location placement/usage and who should merit overnight vehicles. The County Manager has not established processes that department managers should follow to efficiently manage the County's vehicle costs.

- b. The County Driving Policy needs to be updated to better protect the County from loss. The Policy should contain the following:
 - i. Set limits on the mileage an employee may live from his/her duty station while driving an overnight vehicle.
 - ii. Require that all unattended vehicles be locked.
 - iii. Prohibit employees from leaving compromising information (to both California residents and County departments) both written and electronic in unattended vehicles.
 - iv. Prohibit passengers in County vehicles unless they are being transported for County business.

RECOMMENDATIONS

The 2009-2010 San Mateo County Civil Grand Jury recommends that the Board of Supervisors instruct the County Manager to:

1. Annually survey the vehicle fleet including assessing vehicle mileage, assignments, locations, and needs of the County. Recommend to the San Mateo County Board of Supervisors which vehicles (assigned to individuals, departments, and the motor pool) should be reassigned or sold.
2. Annually survey the assignments of overnight vehicles to determine if the assignments are in the best financial interest of the County.
3. Determine a method of verifying actual mileage used by employees driving their personal vehicles on County business for vehicle reimbursement.
4. Establish a mechanism to verify insurance coverage of County employees driving personal vehicles for County business.
5. Include in the San Mateo County Driving Policy verification that all employees who drive their personal vehicles on County business carry as a minimum the following: \$25,000/\$50,000 per accident injury and \$5,000 per accident for property damages coverage. For their own protection, however, employees should be encouraged to obtain minimum insurance coverage of at least \$100,000/\$300,000/\$50,000.
6. Confirm that the County Driving Policy that requires employees to keep daily mileage and destination logs is being followed. Instruct department heads on how to maintain effective oversight on vehicle mileage and use.
7. Update the County Driving Policy:
 - a. Set limits on the mileage an employee may live from his/her duty station while driving an overnight vehicle.
 - b. Require that all unattended vehicles be locked.
 - c. Prohibit employees from leaving compromising information (to both California residents and County departments) both written and electronic in unattended vehicles.
 - d. Prohibit passengers in County vehicles unless they are being transported for County business.
8. Eliminate assigning vehicles to departments (except patrol vehicles and vehicles with special equipment) or individuals and transfer these vehicles to the motor pool. Ensure that motor pool locations are optimally placed.

9. Consider utilizing fleet management software.

Furthermore, the 2009-2010 San Mateo County Civil Grand Jury recommends that the Board of Supervisors:

1. Set the bi-weekly amount of the present car allowances to the average of other four Bay Area counties.
2. Limit the allowances to only elected officials and appointed department heads.

APPENDIX:

TABLE 1 – 2009 Assigned Vehicle Classes and Replacement Costs

CLASS		ANNUAL REPLACEMENT CHARGE	MILEAGE CHARGE
AV01	COMPACT AUTO	\$2,646.00	\$0.43
AV01H	COMPACT AUTO HYBRID	\$3,862.00	\$0.39
AV02	MID SIZE AUTO; MINI VAN	\$2,867.00	\$0.47
AV02H	MID SIZE AUTO HYBRID	\$4,498.00	\$0.44
AV03	8-15 PASSENGER VAN	\$5,168.00	\$0.58
AV04	STANDARD VAN OR TRUCK	\$4,964.00	\$0.59
AV04H	STANDARD VAN OR TRUCK HYBRID	\$5,544.00	\$0.55
AV07	PATROL VEHICLE – LAW ENFORCEMENT	\$12,327.00	\$0.55

TABLE 2 – Randomly chosen AV02 Class Vehicles from San Mateo County Assigned Vehicle Report FY 2008-2009 – Total Dollars represents mileage plus replacement costs.

Vehicle Number	Rate per mile	Annual Total miles	Annual Mileage Cost	Annual Vehicle Replacement Cost	Annual Total Cost	Actual Annual Cost per Mile
86150	\$0.47	9142	\$4,296.74	\$2,867	\$7,164	\$0.78
86929	\$0.47	13348	\$6,273.56	\$2,867	\$9,141	\$0.68
85600	\$0.47	4088	\$1,921.36	\$2,867	\$4,788	\$1.17
87554	\$0.47	9505	\$4,467.35	\$2,867	\$7,334	\$0.77
87807	\$0.47	10876	\$5,111.72	\$2,867	\$7,979	\$0.73
87808	\$0.47	8975	\$4,218.25	\$2,867	\$7,085	\$0.79
87810	\$0.47	5021	\$2,359.87	\$2,867	\$5,227	\$1.04
88752	\$0.47	2116	\$994.52	\$2,867	\$3,862	\$1.82
87289	\$0.47	2473	\$1,162.31	\$2,867	\$4,029	\$1.63
86124	\$0.47	10049	\$4,723.03	\$2,867	\$7,590	\$0.76
86178	\$0.47	13996	\$6,578.12	\$2,867	\$9,445	\$0.67
87823	\$0.47	13444	\$6,318.68	\$2,867	\$9,186	\$0.68
86126	\$0.47	9305	\$4,373.35	\$2,867	\$7,240	\$0.78
87537	\$0.47	19876	\$9,341.72	\$2,867	\$12,209	\$0.61
86574	\$0.47	6402	\$3,008.94	\$2,867	\$5,876	\$0.92
87322	\$0.47	8738	\$4,106.86	\$2,867	\$6,974	\$0.80
87325	\$0.47	8147	\$3,829.09	\$2,867	\$6,696	\$0.82
87553	\$0.47	2580	\$1,212.60	\$2,867	\$4,080	\$1.58
88356	\$0.47	12567	\$5,906.49	\$2,867	\$8,773	\$0.70
86133	\$0.47	13389	\$6,292.83	\$2,867	\$9,160	\$0.68
86193	\$0.47	14907	\$7,006.29	\$2,867	\$9,873	\$0.66
86596	\$0.47	18050	\$8,483.50	\$2,867	\$11,351	\$0.63
86659	\$0.47	19714	\$9,265.58	\$2,867	\$12,133	\$0.62
86930	\$0.47	10809	\$5,080.23	\$2,867	\$7,947	\$0.74
87496	\$0.47	14860	\$6,984.20	\$2,867	\$9,851	\$0.66
84775	\$0.47	10061	\$4,728.67	\$2,867	\$7,596	\$0.75
85695	\$0.47	3770	\$1,771.90	\$2,867	\$4,639	\$1.23
86585	\$0.47	5708	\$2,682.76	\$2,867	\$5,550	\$0.97
87288	\$0.47	10619	\$4,990.93	\$2,867	\$7,858	\$0.74
87809	\$0.47	13006	\$6,112.82	\$2,867	\$8,980	\$0.69
86145	\$0.47	6825	\$3,207.75	\$2,867	\$6,075	\$0.89
85627	\$0.47	6708	\$3,152.76	\$2,867	\$6,020	\$0.90
84680	\$0.47	4706	\$2,211.82	\$2,867	\$5,079	\$1.08
85628	\$0.47	10207	\$4,797.29	\$2,867	\$7,664	\$0.75
85630	\$0.47	12882	\$6,054.54	\$2,867	\$8,922	\$0.69
85634	\$0.47	10167	\$4,778.49	\$2,867	\$7,645	\$0.75
85639	\$0.47	8472	\$3,981.84	\$2,867	\$6,849	\$0.81
85640	\$0.47	3802	\$1,786.94	\$2,867	\$4,654	\$1.22
86123	\$0.47	4513	\$2,121.11	\$2,867	\$4,988	\$1.11
86160	\$0.47	12035	\$5,656.45	\$2,867	\$8,523	\$0.71
86191	\$0.47	9320	\$4,380.40	\$2,867	\$7,247	\$0.78
86195	\$0.47	16143	\$7,587.21	\$2,867	\$10,454	\$0.65
86919	\$0.47	19007	\$8,933.29	\$2,867	\$11,800	\$0.62
86920	\$0.47	6312	\$2,966.64	\$2,867	\$5,834	\$0.92
86923	\$0.47	17865	\$8,396.55	\$2,867	\$11,264	\$0.63
87301	\$0.47	16374	\$7,695.78	\$2,867	\$10,563	\$0.65
87305	\$0.47	9650	\$4,535.50	\$2,867	\$7,403	\$0.77
87306	\$0.47	11974	\$5,627.78	\$2,867	\$8,495	\$0.71
87323	\$0.47	4463	\$2,097.61	\$2,867	\$4,965	\$1.11
87327	\$0.47	9247	\$4,346.09	\$2,867	\$7,213	\$0.78
AVERAGE	\$0.47	10,124	\$4,758.40	\$2,867.00	\$7,625.40	\$0.85

TABLE 3 – Individuals Receiving Vehicle Allowances

	Bi-Weekly Allowance		Bi-Weekly Allowance
Supervisor, 1st District	\$513.00	Deputy Director, C/CAG	\$203.00
Supervisor, 2nd District	\$513.00	Director, Housing	\$462.00
Supervisor, 3rd District	\$513.00	Treasurer/Tax Collector	\$462.00
Supervisor, 4th District	\$513.00	Director, Library Services	\$462.00
Supervisor, 5th District	\$513.00	Executive Officer, Courts	\$462.00
Chief Legislative Aide	\$203.00	Director, Information Services	\$462.00
Legislative Aide	\$203.00	Chief Probation Officer	\$462.00
Legislative Aide	\$203.00	County Counsel	\$462.00
Legislative Aide	\$203.00	County Clerk/Recorder	\$462.00
Legislative Aide	\$203.00	Human Resources	\$462.00
Legislative Aide	\$216.00	Executive Director, First 5	\$417.00
Legislative Aide	\$216.00	District Attorney	\$486.00
Legislative Aide	\$181.00	Chief Deputy District Attorney	Waived
Legislative Aide	\$203.00	Dispatch Communications	\$417.00
Legislative Aide	\$203.00	Controller	\$462.00
Legislative Aide	\$208.00	Deputy Controller	\$417.00
Legislative Aide	\$208.00	Deputy Controller/Controller's Off.	\$417.00
Legislative Aide	\$208.00	Chief, Health System	\$462.00
County Manager	\$513.00	Human Services Agency	\$462.00
Deputy County Manager	\$417.00	Self Sufficiency Director	\$417.00
Deputy County Manager	\$417.00	SMMC, Ambulatory	\$417.00
Deputy County Manager, Community Services	\$417.00	Executive Director, Health Plan of San Mateo	\$462.00
Director of Budget, County Mgrs. Office	\$417.00	Director, Substance Abuse and Shelter Services	\$417.00
Sheriff	Waived	Director of Finance, Human Serv	\$417.00
Captain, Sheriff's Office	\$417.00	Aging and Adult Services	\$417.00
Lieutenant, Sheriff's Office	\$417.00	SMMC, Director of Pharmacy	\$417.00
Deputy Director, Sheriff's Office	\$417.00	Director, Child Support Services	\$462.00
Lieutenant, Personnel and Training Division, Sheriff's Office	\$417.00	Commissioner, Agriculture Sealer of Weights and Measures	\$417.00
Director of Public Works.	\$462.00	County Health Officer	\$417.00
Director, Parks	\$417.00	Chief Operating Officer, SMMC	\$417.00
Superintendent, Parks.	\$417.00	Public Health Director	\$417.00
Superintendent, Parks	\$417.00	Director, Behavioral Health	\$417.00
Chief Executive Officer, SamCera	\$462.00	Director of Prevention and Early Intervention, HAS	\$417.00
Human Services Agency	\$462.00		

TABLE – 4 – Vehicle Allowance Per Department, FY -2009

Department Description	YTD BALANCE
Board of Supervisors	\$134,583.70
Assessor	\$73,388.41
San Mateo Medical Center	\$47,466.86
Sheriff's Office	\$40,773.20
Parks and Recreation	\$36,029.19
Controller's Office	\$33,665.21
Health Services	\$24,695.15
Human Services Agency	\$23,238.80
Human Services Agency	\$22,833.15
Human Resources	\$22,833.14
Probation	\$13,941.48
Criminal Division	\$12,034.91
Tax Collector/Treasurer	\$12,001.08
Public Works Mngt Serv	\$12,001.08
Information Services	\$12,001.08
Department of Housing	\$12,001.08
County Manager's Office	\$12,001.08
County Counsel	\$12,001.08
Child Support	\$12,001.08
Public Health Serv	\$10,832.07
Planning	\$10,832.07
Human Services Agency	\$10,832.07
Health Services- Bus/Adm	\$10,832.07
Behavioral Health Serv	\$10,832.07
Aging and Adult Serv	\$10,832.07
Public Works Program Serv	\$5,273.15
LAFCO	\$237.45
	\$639,993.78

TABLE 5 - Selected Vehicle Data from the Assigned Vehicle Report FY 2008-2009

Vehicle Number	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Annual Miles	Annual Total Cost
86150	116349	116349	117863	119312	120092	120830	121508	122114	122114	122114	124910	125488		
	116349	117863	119312	120092	120830	121508	122114	122114	122114	124910	125488	125488		
	0	1517	1449	780	738	678	606	0	0	2796	578	0	9142	\$4,296.74
86929	55879	55879	57952	59576	60683	62489	63196	64494	65693	66500	69227	70522		
	55879	57952	59576	60683	62489	63196	64494	65693	66500	69227	70522	70522		
	0	2073	1624	1107	1806	707	1298	1199	807	2727	1295	0	14693	\$6,882.21
87581	40752	40752	40752	44137	45190	46247	47842	48288	50286	52215	55419	55419		
	40752	40752	44137	45190	46247	47842	48288	50286	52215	55419	55419	55419		
	0	0	3409	1053	1057	1595	446	1998	1929	3204	0	0	14691	\$8,520.78
87582	27680	27680	29967	31950	33006	34405	35115	35843	37079	38385	39531	39531		
	27680	29967	31950	33006	34405	35115	35843	37079	38385	39531	39531	39531		
	0	2287	1983	1056	1399	710	728	1236	1306	1146	0	0	11851	\$6,873.56
85616	23723	23941	24125	24125	24850	25337	25872	25881	2600	26500	26500	26500		
	23941	24125	24125	24850	25337	25872	25881	2600	26500	26500	26500	26500		
	218	184	0	725	487	535	9	119	500	0	0	0	2777	\$1,610.66
85617	29388	29553	29691	30191	30418	30437	30497	30582	30828	30989	31044	31044		
	29553	29691	30191	30418	30437	30497	30582	30828	30989	31044	31044	31044		
	165	138	500	227	19	60	85	246	161	55	0	0	1656	\$960.48
87336	13524	14078	14640	14640	15201	15700	16250	16750	17250	17520	18000	18365		
	14078	14640	14640	15201	15700	16250	16750	17250	17520	18000	18365	18989		
	554	562	0	561	499	550	500	500	270	480	365	624	5465	\$3,139.70
87745	12750	13185	13617	13617	15000	15439	16089	16675	17000	17385	18100	18521		
	13185	13617	13617	15000	15439	16089	16675	17000	17385	18100	18521	19000		
	435	432	0	1383	439	650	586	325	375	715	421	479	6250	\$3,625.00
87746	14851	15931	16595	16595	18571	19081	1994	20707	22062	23151	24149	25057		
	15931	16595	16595	18571	19081	19994	20707	22062	23151	24149	25057	26050		
	1080	664	0	1976	510	913	18713	1355	1089	998	908	993	29199	\$16,935.42
87763	6235	6858	7250	7250	8560	8818	9900	9950	10334	10565	10688	10955		
	6858	7250	7250	8560	8818	9900	9950	10334	10565	10688	10955	11115		
	623	392	0	1310	258	1082	50	384	123	123	267	160	4880	\$2,830.40



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



DATE: August 4, 2010
BOARD MEETING DATE: September 28, 2010
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: David S. Boesch, County Manager
SUBJECT: 2009-10 Grand Jury Response

RECOMMENDATION:

Accept this report containing the County's response to the following 2009-10 Grand Jury report: San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Programs.

BACKGROUND / DISCUSSION:

The County is mandated to respond to the Grand Jury within 90 days from the date that reports are filed with the County Clerk and Elected Officials are mandated to respond within 60 days. To that end, attached is the County's response to the San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Programs issued on July 6, 2010.

Acceptance of this report contributes to the Shared Vision 2025 outcome of a Collaborative Community by ensuring that all Grand Jury findings and recommendations are thoroughly reviewed by the appropriate County departments and that, when appropriate, process improvements are made to improve the quality and efficiency of services provided to the public and other agencies.

FISCAL IMPACT:

There is no Net County Cost associated with accepting this report.

APPROVED BY
BOARD OF SUPERVISORS

SEP 28 2010

CLERK OF BOARD
BY *Maria H. Peterson* DEPUTY

San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Program

Findings:

Grand Jury Finding Number 1a. San Mateo County department managers do not have an effective system to monitor fleet vehicle usage or mileage reimbursement. Department managers make decisions on use and assignment of vehicles without any documentation or surveys to support their conclusions.

Agree in part. County departments have discretion to determine their fleet needs in terms of the number and types of vehicles, i.e., light trucks, sedans, compacts, etc. Individual departments manage mileage reimbursement independently. The Public Works Department monitors fleet usage and condition through mileage reporting and scheduled vehicle maintenance. Vehicle mileage data is provided by Public Works to departments on a monthly basis.

Grand Jury Finding Number 1b. There is no process in place to track or analyze vehicle data or justify vehicle assignments, or having 53 vehicles on-call on a daily basis.

Disagree. Departmental overnight vehicle assignments are reviewed and approved by the County Managers Office annually based upon the needs identified by the requesting department. The Department of Public Works tracks vehicle mileage and maintenance. It is unclear from the report what additional data the Grand Jury feels should be monitored.

Grand Jury Finding Number 1c. Vehicles are assigned to departments and individuals within departments without provisions for other departments or individuals to use these vehicles.

Agree.

Grand Jury Finding Number 1d. County vehicle maintenance costs have increased dramatically from \$685 in 2004 to \$1,452 in 2010.

Disagree. The 2004 cost of \$685 per vehicle is believed to be strictly for the maintenance of the vehicle, which includes the average labor and materials costs per car per year associated with maintenance efforts. The 2010 figure, which actually represents data from FY 2008/09 of \$1,452 per car, represents the fully loaded cost of each vehicle in the County fleet, including maintenance, overhead, fuel costs and money that is set aside for vehicle replacement. The FY 2008/09 vehicle maintenance cost, exclusive of overhead, fuel costs and money that is set

aside for vehicle replacement is approximately \$1,025 per car, which represents an annual programmatic cost increase of approximately 8% per year. Included in this calculation are fuel costs, which have far outpaced comparable cost indices.

Grand Jury Finding Number 1e. The County is currently spending \$1.7 million more per year on assigned fleet vehicles than it would if all 556 assigned vehicle users were driving their own cars for County business and being reimbursed at the 2009 IRS rate of \$.55 per mile.

Disagree. Staff has not been able to create a credible scenario that would allow the County to take advantage of the savings. First, the \$1.7 million savings figure appears to have combined many types of vehicles together, including trucks, sedans, and sports utility vehicles, and then compared them to sedans. In order to avail \$1.7 million in savings according to the calculation in the report, it would be necessary for all non-public safety County employees to drive to work, use their vehicles for County business, and be reimbursed at the IRS reimbursement rate of \$0.55/mile. Further, it would require some employees to own trucks capable of working in off-road conditions. Furthermore, the County would need to require that all non-public safety employees own or have access to a motor vehicle as a condition of employment, which is unreasonable.

The County has made significant efforts to promote the use of public transit, carpooling, bicycling, and walking to work in lieu of commuting via single occupancy vehicles (SOV) for a variety of reasons, primarily overall transportation network congestion relief and reduction in countywide CO2 emissions. The County has 1492 participants in its Commute Alternatives Program and many others who voluntarily use alternate methods to get to work than SOVs. Requiring all employees to drive to work and use their own vehicles on County business would jeopardize the County's ability to comply with AB 32 requirements and is unrealistic.

Grand Jury Finding Number 1f. Current motor pool vehicles are readily available; numerous fleet tracking and reservation technologies have been found by government agencies to significantly increase motor pool utilization.

Agree. However there is a cost to implement and maintain fleet tracking and reservation technologies and a cost to flexibly relocate vehicles among motor pool sites to meet on-site demands. Based on quotes from vendors, vehicle tracking and reservation systems cost several hundred thousand dollars per year for system hardware, software and maintenance, not including the cost of County staff time necessary to operate and monitor the systems. Our response to Recommendation 1 of the report provides that the County will assemble a committee to make policy recommendations on a variety of fleet management topics. This committee will also evaluate whether there is additional fleet management software that will be able to provide an overall programmatic and financial benefit.

Grand Jury Finding Number 2a. For non-motor pool, it is less expensive for the County to reimburse an employee at \$.55 per mile (2009 rate) to use his/her own vehicle on County business than to supply the employee with a County owned vehicle. It should be noted that the County has policies in place to encourage the use of public transportation by County employees.

See response to 1e above.

Grand Jury Finding Number 2b. Department managers have no system in place to verify employees' mileage and usage of their personal vehicles on County business.

Agree. Individual departments manage vehicle mileage reimbursements independently. The County will evaluate cost effective methods to verify mileage such as using Yahoo or Google maps to compare claimed mileage vs. calculated mileage.

Grand Jury Finding Number 2c. Department managers depend upon employees to use an "honor system" in recording their vehicle mileage and usage.

Grand Jury Finding Number 3a. The Board of Supervisors sets the vehicle allowance amounts and the County Manager determines which employees, in addition to himself and the Board of Supervisors, receive vehicle allowances.

Agree.

Grand Jury Finding Number 3b. Vehicle allowances in San Mateo County are higher than in other nearby counties and are provided to a broader range of County employees.

Agree.

Grand Jury Finding Number 3c. If an employee receives a vehicle allowance within the time period used for calculating his/her pension, it is included in the retirement calculation for his/her pension.

Agree.

Grand Jury Finding Number 4a. There is a cost to the County in allowing its employees to drive County vehicles home overnight.

Agree. Overnight assignments are evaluated and approved based on need to minimize the cost to the County. For instance, authorized public safety personnel are permitted to take certain vehicles home overnight because specialized

equipment is stored in the vehicles that is used during an emergency response. It is a cost of providing emergency response services to the community.

Grand Jury Finding Number 4b. The Sheriff's Office has reduced the number of employees with overnight vehicle approvals from 64 to 36. This reduction is estimated by the Sheriff's Office to save \$150,000 per year.

Agree. The Sheriff's Office will continue to be pro-active in managing and monitoring our vehicle fleet operations and we appreciate the comprehensive review from the Grand Jury.

Grand Jury Finding Number 4c. The County Manager has final approval as to which employees are assigned overnight vehicles based on established criteria.

Agree.

Grand Jury Finding Number 5a. The County has no system in place to ensure that employees driving their personal vehicles on County business have car insurance.

Agree.

Grand Jury Finding Number 5b. The County requires employees to carry minimum car insurance as per California law.

Agree.

Grand Jury Finding Number 5c. According to a County official, raising the minimum level of employee car insurance could discourage some employees from driving their own vehicles on County business.

Agree in part. Increasing the minimum levels could discourage some employees from driving, but it will also increase County costs since we would have to pay the employee's portion of this new mandate if implemented.

Grand Jury Finding Number 5d. The use of overnight vehicles increases County liability.

Agree in part. The increased exposure to physical damage or liability from an auto claim is offset by readiness to respond to potential liability issues.

Grand Jury Finding Number 5e. The County holds in a self-insurance reserve \$683 per vehicle per year. This is included in the vehicle mileage costs.

Agree.

Grand Jury Finding Number 6a. San Mateo County's Driving Policy lacks several provisions that may reduce County costs:

- i. Setting limits on the mileage an employee may live from his/her duty station while driving an overnight vehicle.
- ii. Requiring that all unattended vehicles be locked.
- iii. Prohibiting employees from leaving compromising information (to both California residents and County departments), both written and electronic, in unattended vehicles.
- iv. Prohibiting passengers in County vehicles unless they are being transported for County business.

Agree.

Recommendations:

The 2009-2010 San Mateo Civil Grand Jury recommends that the Board of Supervisors instruct the County Manager to:

- 1. Annually survey the vehicle fleet including assessing vehicle mileage, assignments, locations, and needs of the County. Recommend to the San Mateo Board of Supervisors which vehicles (assigned to individuals, departments, and the motor pool) should be reassigned or sold.**

Response:

Agree. The recommendation has not been implemented but a thorough assessment is to be completed in 2011. Vehicle mileage is currently assessed annually. The County intends to appoint a committee consisting of representatives from the County Managers Office, Public Works, the Sheriff's Office, Human Resources, and other vehicle user departments to develop policy on overall fleet size, fleet size by department, overnight assignments, mileage reimbursement, insurance requirements, and software needs. The recommendations of the committee will be brought to the Board of Supervisors for consideration. We expect the committee's work to be completed and presented to the Board for its consideration in 2011.

- 2. Annually survey the assignments of overnight vehicles to determine if the assignments are in the best financial interest of the County.**

Response:

Agree. See response to recommendation 1.

- 3. Determine a method of verifying actual mileage used by employees driving their personal vehicles on County business for vehicle reimbursement.**

Response:

Agree. See response to recommendation 1.

- 4. Establish a mechanism to verify insurance coverage of County employees driving personal vehicles for County business.**

Response:

Disagree. The recommendation will not be implemented because it is not reasonable that the County verify our employees are complying with this mandated State law. Risk Management considers the State law to be sufficient. The County relies on employees to comply with the law that mandates procuring and maintaining liability insurance just as employees are expected to follow all laws. The benefit that might accrue to the County is very low compared to the cost of administration, and the extra expense to employees.

- 5. Include in the San Mateo County Driving Policy verification that all employees who drive their personal vehicles on County business carry as a minimum the following: \$25,000/\$50,000 per accident injury and \$5,000 per accident for property damages coverage. For their own protection, however, employees should be encouraged to obtain minimum insurance coverage of at least \$100,000/\$300,000/\$50,000.**

Response:

Disagree. The County would have to compensate employees for the increase in personal expenses to purchase a higher mandated limit. Any increase above State mandated levels should not be mandatory. Every employee's situation is different and without a complete review of his or her situation it would not be prudent to require this change. Risk Management considers the State law to be sufficient. The County relies on employees to comply with the law that mandates procuring and maintaining liability insurance just as employees are expected follow all laws. The benefit that might accrue to the County is very low compared to the cost of administration, and the extra expense to employees.

- 6. Confirm that the County Driving Policy that requires employees to keep daily mileage and destination logs is being followed. Instruct department heads on how to maintain effective oversight on vehicle mileage and use.**

Response:

Agree. The recommendation has not been implemented but will be implemented in the future. The County is changing our Supervisor and Managers training to instruct

and enforce this responsibility. This will be implemented by the County's Safety Officer by the first training of 2011.

7. Update the County Driving Policy:

- a. **Set limits on the mileage an employee may live from his/her duty station while driving an overnight vehicle.**
- b. **Require that all unattended vehicles be locked.**
- c. **Prohibit employees from leaving compromising information (to both California residents and County departments) both written and electronic in unattended vehicles.**
- d. **Prohibit passengers in County vehicles unless they are being transported for County business.**

Response:

7a. Disagree. This may unintentionally impose limits on how far an employee may live from their assigned workstation.

7b. Agree. The County will add this to the policy; however, it is largely unenforceable.

7c. Agree. The County will add this to the policy, however, the County believes that most employees already do this and there are several safeguards in place, including insurance, that provide coverage if certain types of information is stolen. Also, every laptop in the County is encrypted that would render the information useless without the password.

7d. Agree. The County will add this to the policy; however, it is largely unenforceable.

8. Eliminate assigning vehicles to departments (except patrol vehicles and vehicles with special equipment) or individuals and transfer these vehicles to the motor pool. Ensure that motor pool locations are optimally placed.

Response:

Disagree. The recommendation will not be implemented because it is not feasible or reasonable. The County has over 90 offices, clinics, and maintenance facilities spread across the entirety of San Mateo County. The option of providing more convenient motor pool locations at a low cost accessible to all field locations is not economically feasible and not possible.

9. Consider utilizing fleet management software.

Response:

Agree. The County does use fleet software to track vehicle mileage, vehicle maintenance schedules, vehicle replacement schedules, etc. The use of fleet software capable of tracking vehicle location and reservation assignments will be assessed as part of the committee's work as stated in the response to recommendation 1.

Furthermore, the 2009-2010 San Mateo County Civil Grand Jury recommends that the Board of Supervisors:

1. Set the bi-weekly amount of the present car allowances to the average of the other four Bay Area counties.

Response:

The recommendation requires further analysis. There is not enough data in the Grand Jury Report regarding vehicle allowances to determine an exact average vehicle allowance of the four Bay Area counties. In order to determine an accurate average vehicle allowance, a detailed list of positions and the amount of vehicle allowance assigned to each position will be requested from San Francisco, Santa Clara, and Marin counties.

In addition, vehicle allowances are part of the total compensation package earned by certain employees in each County. An initial review of a small group of positions indicates that San Mateo's total compensation packages are similar to the other counties. This indicates that although the vehicle allowances in some counties are lower than San Mateo, salaries and other benefits in the other counties are higher for comparable positions, which means that the total compensation packages are similar. To verify this initial finding, further analysis is needed. The analysis will be completed and submitted to the Board of Supervisors before December 10, 2010.

2. Limit the allowances to only elected officials and appointed department heads.

Response:

The recommendation requires further analysis. Again, total compensation must be considered when deciding whether or not to limit the allowances to only Elected Officials and appointed Department Heads. Further analysis related to whether or not Non-Elected Officials and Non-Department Heads in other counties earn similar total compensation packages than those in San Mateo County is necessary, before a final response can be submitted. The analysis will be completed and submitted to the Board of Supervisors before December 10, 2010.



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager's Office



**APPROVED BY
BOARD OF SUPERVISORS**

DEC 07 2010

DATE: 11/8/2010

BOARD MEETING DATE: 12/7/2010

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

CLERK OF BOARD

BY Maria E. Peterson DEPUTY

TO: Honorable Board of Supervisors

FROM: David S. Boesch, County Manager 

SUBJECT: Follow-up Response to San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Programs Grand Jury Report

RECOMMENDATION:

Accept the County Manager's recommendation to allow the current vehicle allowance policy to remain unchanged.

BACKGROUND:

On July 6, 2010, the FY 2009-10 Grand Jury submitted a report to the Board of Supervisors titled: San Mateo County's Vehicle Fleet Management and Employee Vehicle Reimbursement Programs. The County Manager responded to the report on September 28, 2010, and asked for more time to analyze the Grand Jury's recommendations related to vehicle allowances paid to employees as part of their total compensation. The initial Grand Jury report recommended reducing the bi-weekly allowances received by San Mateo County employees to the average of the vehicle allowances received by employees in the counties of Santa Clara, Marin, and San Francisco. A second recommendation was to discontinue vehicle allowances received by non-elected and non-department head County employees.

DISCUSSION:

Although the County could realize savings by implementing the Grand Jury's recommendations, the reduction or elimination of vehicle allowances is not the answer to solving the structural budget deficit problem. After analyzing the issue, the County Manager's Office disagrees with the Grand Jury's recommendations to 1) decrease the bi-weekly vehicle allowance for San Mateo County employees and; 2) discontinue vehicle allowances received by non-elected and non-department head employees.

The average bi-weekly vehicle allowance paid to San Mateo County employees is \$397. A total of 69 employees receive this benefit. This amount is \$77 more than the average bi-weekly vehicle allowance of \$320 received by employees in Santa Clara County and Marin County. The Grand Jury incorrectly reported that elected officials and department

heads employed by the City and County of San Francisco received between \$300 and \$400 in bi-weekly vehicle allowances. The San Francisco Controllers Payroll / Personnel Services Division verified that the County does not pay a vehicle allowance to department heads or elected officials. Reducing the San Mateo vehicle allowances by an average of \$77 bi-weekly would not generate enough savings to justify a change in total employee compensation.

Similarly, discontinuing the vehicle allowance for non-elected and non-department head employees would not yield a significant benefit. If these employees no longer received a vehicle allowance, it would be necessary to provide them with a vehicle for County business or reimburse each employee for business related mileage, which would reduce the savings generated by eliminating the vehicle allowances. Finally, vehicle allowances are included when comparing compensation with surveyed counties and reducing or discontinuing vehicle allowances could cause the organization to lose advantage in future recruiting processes.

Approval of this report contributes to the Shared Vision of 2025 of a Collaborative Community by ensuring that overall County compensation is in line with that of surrounding counties.

FISCAL IMPACT:

There is no fiscal impact to accepting the recommendation.