

# Vehicle Purchase and Replacement



## Objective

Are Fleet's purchase and replacement decisions made in a way that balance departmental needs, usage, costs, and environmental sustainability goals?

## Background

Many City employees need vehicles for their jobs. Fleet Mobility Services (Fleet) is responsible for making sure City employees have access to safe and reliable vehicles and that departments get vehicles in a timely, cost-effective, and environmentally responsible manner. Fleet manages the process of buying a new vehicle when a department needs to replace an old vehicle or add a vehicle to their fleet. The City's fleet consists of about 6,600 vehicles and other equipment, including 140 electric vehicles. Fleet plans on buying around 550 new vehicles in fiscal year 2020, most of which are intended to replace current City vehicles.

## What We Found

**Finding 1:** Fleet previously lacked data to effectively identify when vehicles might need to be replaced and did not always replace vehicles when it was appropriate.

Fleet is getting new technology that will track information about each vehicle, which could be used to improve the replacement inspection process.

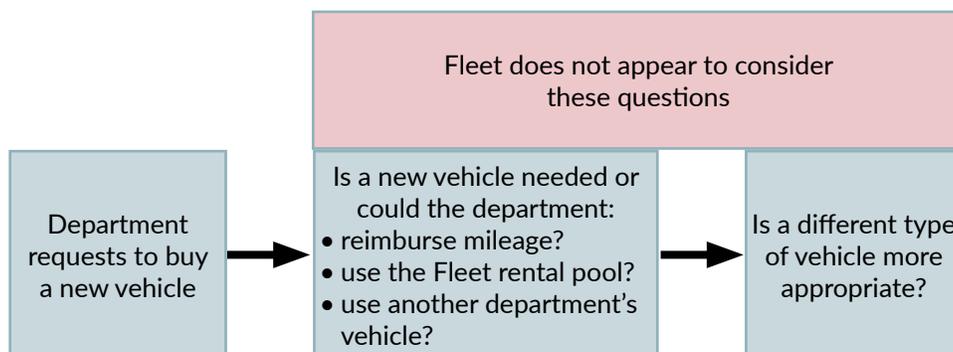
In the period we reviewed, Fleet did not always replace vehicles that were ready to be replaced. Employees continued to use some of these vehicles and Fleet had to maintain them. This was a drain on Fleet's resources and resulted in employees driving potentially unreliable vehicles.

**Finding 2:** Fleet may not be exploring options other than buying a new vehicle and may not be considering if the vehicle requested by a department is the right vehicle. However, the department is adding new technology that could help the department when making vehicle purchase decisions.

Departments can request a new vehicle to replace a current vehicle or to add a vehicle to their fleet. We did not find evidence that Fleet always looked at alternatives to buying a new vehicle such as using the rental pool or mileage reimbursement.

Fleet also did not appear to verify that departments need the types of vehicles they are requesting. It is important for the City to buy the right type of vehicles that balance costs, environmental goals, and departmental needs.

### Fleet does not appear to consider other options when departments request a new vehicle



SOURCE: OCA analysis of City policy and Fleet procedures, September 2019.

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## What We Found, Continued

### Additional Observation:

The City's goal is to add 330 electric vehicles to the City's fleet by the end of calendar year 2020. This goal was set in the 2016 Fleet Electrification Plan, which called for replacing 72 vehicles with plug-in hybrid electric vehicles (PHEV) and 258 with battery electric vehicles (BEV). Plug-in hybrid electric vehicles run on gasoline and electricity. Battery electric vehicles run only on electricity.

We found that Fleet is trying to buy electric vehicles when possible and appears to be on pace to meet this goal. However, Fleet has bought more PHEVs than originally planned. Fleet management said they plan to buy more BEVs in future years because there will be more charging infrastructure and newer BEVs can driver farther on a single charge.

## What We Recommend

The Director of Fleet Mobility Services should:

- update replacement inspection criteria, considering fuel type, vehicle usage, driver performance, and other relevant data points;
- consider and document for every vehicle purchase whether it is possible to address the request through options other than new vehicle purchases such as: mileage reimbursement, the Fleet Rental Pool, or with another City vehicle; and
- increase use of the rental pool by adding underutilized vehicles to the rental pool and implementing new fleet rental pool reservation technology.