

DEPARTMENT: Public Works/Fleet Services

BY: Dana Hertfelder

PHONE: 966-5356

RECOMMENDED ACTION AND JUSTIFICATION:

Approve increases for the rates charged by Fleet Services as follows: 1) A 15% across the board increase in the basic per-mile Operations and Maintenance charge for County vehicle/equipment use; 2) An increase in the Shop Labor Rate from \$58.50 per hour to \$72.00 per hour; 3) An increase in the rate for the Low Bed Tractor/Trailer from \$65.00 per hour to \$90.00 per hour.

In order to keep costs to a minimum for Departments using County vehicles we have not requested a rate increase for Fleet Services for several years. Fleet Services is an Internal Service Fund meaning that it provides services to other County Departments for a fee, and needs to recover enough costs to operate in the black but is restricted by State Code as to the "profit" (unreserved fund balance) it is allowed to build up. Increases in operating costs for Fleet Services such as labor and benefits cannot continue to be absorbed without passing on some of this cost to the users of County vehicles and equipment.

In May of 2005 Public Works was visited by Tillman Sherman, an auditor from the State Controllers Office, who reviewed our vehicle rates. Even at that time he said we could raise our rates quite a bit and still be well within the limits allowed by the State for Internal Service Funds. He also mentioned that it would be advisable to reserve a portion of the Fleet fund balance for future equipment replacement needs, noting that we had nothing set aside for that purpose. We are trying to balance our plan to keep rates as reasonable as possible with the realities of running a fiscally sound Fleet Services program. The attached information shows the percentage increase for various expense items in the Fleet Services budget. Also included is a list of County Departments showing the estimated financial impact if the requested increases are approved.

The Low Bed Tractor/Trailer is a specialized piece of equipment used primarily for transporting heavy equipment. It is unique in that the per-hour rate for using it includes the services of a driver. An analysis of current costs to operate the Tractor/Trailer shows that we need to raise the rate substantially to recover those costs. The proposed rate of \$90.00 per hour is competitive with what outside vendors would charge the County to provide a similar service.

The initial memo from the Fleet Superintendent requested an increase in the Shop Labor Rate to \$85.00 per hour. Upon further analysis it was agreed that an increase to \$72.00 per hour would be acceptable.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The Fleet Services Policy (Title 14) was adopted by the Board at the meeting of December 10, 2002.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Do not approve the requested rate increases. Without an additional revenue source Fleet Services would at some point start to operate at a loss.

Approve increases different than the ones recommended.

Financial Impact? (X) Yes () No Current FY Cost:
Budgeted In Current FY? () Yes () No () Partially Funded

Annual Recurring Cost: \$

Amount in Budget: \$ _____

List Attachments, number pages consecutively

Additional Funding Needed: \$ _____

1. March 15, 2007 memo from Fleet Superintendent

Source:

2. Fleet expense comparison FY 03-04 vs. FY 06-07

Internal Transfer _____

Unanticipated Revenue _____ 4/5's vote

Transfer Between Funds _____ 4/5's vote

Contingency _____ 4/5's vote

() General () Other

CLERK'S USE ONLY:

Res. No.: 07-136 Ord. No. _____

Vote - Ayes: 5 Noes: _____

Absent: _____

Approved

Minute Order Attached () No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____

Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California

By: _____
Deputy

COUNTY ADMINISTRATIVE OFFICER:

Requested Action Recommended

No Opinion

Comments:

CAO: [Signature]

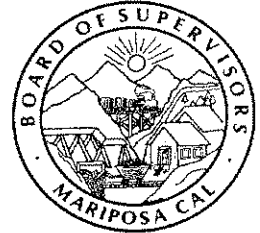


COUNTY OF MARIPOSA

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BRAD ABORN
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DISTRICT I
DISTRICT IV
DISTRICT V



MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: DANA HERTFELDER, Public Works Director
FROM: MARGIE WILLIAMS, Clerk of the Board *MW*
SUBJECT: Approve Increases for the Rates charged by Fleet Services as Follows: 1) A 15% Across the Board Increase in the Basic Per-mile Operations and Maintenance Charge for County Vehicle/Equipment Use; 2) An Increase in the Shop Labor Rate from \$58.00 per Hour to \$72.00 per Hour; and 3) An Increase in the Rate for the Low Bed Tractor/Trailer from \$65.00 per Hour to \$90.00 per Hour

RESOLUTION 07-156

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on April 24, 2007

ACTION AND VOTE:

B) Approve Increases for the Rates charged by Fleet Services as Follows: 1) A 15% Across the Board Increase in the Basic Per-mile Operations and Maintenance Charge for County Vehicle/Equipment Use; 2) An Increase in the Shop Labor Rate from \$58.00 per Hour to \$72.00 per Hour; and 3) An Increase in the Rate for the Low Bed Tractor/Trailer from \$65.00 per Hour to \$90.00 per Hour

BOARD ACTION: Discussion was held with Dana Hertfelder and Carl Casey relative to the request; and they advised that the revised rates would be effective for the next budget year.

Input from the public was provided by the following:

Paul Chapman stated he feels the 15 percent increase is reasonable; but he feels it would be cheaper to hire out the shop work versus the \$72/hour proposed shop labor rate. He commented on his recent observation of the low bed tractor being used for hauling a pickup truck and stated he feels it would be cheaper to use two pickup trucks. He also questioned the use of the low bed tractor for hauling rubber-tire equipment; and he suggested an audit to see if this is needed.

Dana Hertfelder responded to the input and advised of their comparison of shop rates with local vendors and commented on the use of the low bed tractor. (M)Fritz, (S)Aborn, Res. 07-156 was adopted approving the recommended increase in rates effective July 1, 2007/Ayes: Unanimous.

Cc: Chris Ebie, Auditor
Mary Hodson, Deputy CAO
File




COUNTY of MARIPOSA

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DEPARTMENT OF
PUBLIC WORKS
Divisions of:
• Design & Construction
• Administration
• Operations
• Fleet Services

DANA S. HERTFELDER
Director

March 15, 2007

To: Dana Hertfelder, Public Works Director
From: Joe Halencak, Fleet Superintendent 
Re: Fleet O&M and Shop Rates for FY 07/08

At Fleet's request, the Operating & Maintenance and Shop rates have not been adjusted for about four years. However, due to the increase in the cost of doing business (i.e. employees' salaries, benefits, utilities, fuel, parts, etc.) we feel that it is necessary to re-evaluate these rates for the upcoming fiscal year. I would like to propose an increase of 15% across the board for the O&M rates (except for the Low Bed, which needs to be increased about 38% to \$90.00/hour). I would also like to propose increasing the Fleet Shop rate to a total of \$85.00 (an increase of about 45%).

To justify these increases, we have reviewed the figures from FY 01/02 (which were used to calculate the current Shop rate). We have discovered that salaries have increased approximately 19% and benefits have increased just over 72%. We have also taken into consideration a significant increase in the cost of fuel, utilities, and parts over the past five years.

The attached spreadsheets show the calculations that were used to figure these rates as well as the effect that the proposed increase will have on using departments. The Fleet Shop rate is only used for reimbursable charges such as new vehicle set-ups and major repairs (as defined by the Fleet Policy). As a result, we are unable to project the effect that this increase would have on each department.

Let me know if you need any further information from Fleet and if there is anything that we can do to help get the changes implemented in time for the upcoming fiscal year.

Attachments: As noted

Cc Carl Casey, Public Works Administrator

skd

ATTACHMENT #1

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