

Unrecognized Issues in Coraggio Report – Fleet Services

In my opinion, the Coraggio report appears not to recognize:

1. The Fleet Services budget includes fleet maintenance **and fleet administration**.
 - **Result:** Coraggio compares the County's fleet maintenance **and fleet administration** costs to the costs of outsourced fleet maintenance only.
 - **Result:** About \$500,000 of Fleet Services administrative budgeted costs unrelated to fleet maintenance (vehicle replacement planning, vehicle disposal, licensing, fuel management, some of motor pool administration, budgeting, etc.) are included in the County's costs of Fleet Services, but are not included in the outsource model. **Savings overstated by \$500,000.**
2. That Fleet Services budget line item "Repairs and Maintenance" is for work currently outsourced by the County. Towing included in "Professional Services" should be included in outsource model costs.
 - **Result:** The Outsource Model's costs do not include the work currently outsourced by the County, resulting in the **Outsource savings being overstated by \$127,000.**
3. Certain County fixed costs that are included in the Fleet Services Budget will remain with the County after outsourcing. Those costs will be spread to other departments.
 - **Result:** \$548,000 of Facilities costs will shift from Fleet Services to the rest of the County through vacancy charges unless the buildings can be sold or other tenants found for the shop space. **Savings to County overestimated by \$548,000.**
 - **Result:** An unknown portion of the \$85,000 of IT and Telephone costs allocated to Fleet Services will be reallocated to other County departments. **Savings to the County are overestimated by some amount.**
4. There are expenses involved in outsourcing that do not currently occur.
 - **Result:** There will be additional costs to transport vehicles, currently co-located with the County Fleet Shops, to the outsourced repair facilities that does not currently occur. **Savings to the County will be reduced by an estimated \$173,000.**
 - **Result:** Since DEQ testing will not be available at County shops, vehicles will need to be transported to DEQ stations for testing. **Savings to the County are overestimated by some amount.**
 - **Result:** There will be a very significant amount of detailed contract administration required to manage an outsourced maintenance contract that involves thousands of separate repair orders. **Savings to the County is overestimated by some amount.**
 - **Result:** The significant emergency response services that are currently provided by Fleet Services will need to be replaced. **Costs and impacts on internal County organizations, partner jurisdictions, and citizens unknown.**
5. County mileage rates include fuel costs.
 - **Result:** County ownership comparison with a Lease Model is flawed by comparing County costs with fuel to lease model costs without fuel. **This appears to result in an understating of the lease model costs for the sample vehicles by \$7833 or four times the stated savings.**
 - **Result:** The "Downtown Motor Pool Vehicle Comparison" appears flawed by comparing County costs with fuel to an outsourced model without fuel. **This appears to result in an understating of the outsource costs by an estimated \$1078 per vehicle per year.** This results in changing the Outsource models' \$749 stated annual savings per vehicle into an increase in costs to the County of \$330 per vehicle annually.