



## LEGISLATIVE ANALYST REPORT

TO: HONORABLE BOARD OF SUPERVISORS

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DISTRIBUTION

DATE: NOVEMBER 19, 1999

RE: **File # 991677: City and County Fleet Management Practices;**  
**File # 991904: City Hall Car-Sharing (Public Requests)**

### SUMMARY OF REQUESTED ACTION

The Honorable Board of Supervisors has requested that the Office of Legislative Analyst analyze the current City and County fleet management practices, including performing an audit of the number of vehicles and the process by which those vehicles are shared, analyze best practices from other cities, and recommend ways to reduce the number of City vehicles on the streets of San Francisco. Additionally, in a subsequent, related request the Office of Legislative Analyst has been asked by the Members of the Board of Supervisors to determine possible financial and environmental savings through the development of a City Hall shared-use vehicle pool.

### EXECUTIVE SUMMARY

This report discusses four transportation concepts: 1) City and County Fleet Management Practices, 2) A City Hall Vehicle Pool, 3) Private Car-Share Programs, and 4) Employee Commuting.

According to the survey performed by our office, there are currently 1431 passenger vehicles in the City's fleet, however 480 are dedicated use for the Police, Sheriff and Fire Departments. Therefore, approximately 951 or 67% of passenger vehicles dispersed among the various departments in San Francisco could be considered for sharing. Most departments also use "Central Shops" (which is in the Purchasing Department, and charges each department directly) for maintenance. Funds have generally not been set aside in the general fund budget to provide either new or replacement vehicles, and therefore the average age of department vehicles averages approximately ten years.

### ***Citywide Fleet Vehicle Pool***

As a result of our survey<sup>1</sup> performed on the fleet management practices involving passenger vehicles by all City and County departments<sup>2</sup>, it would appear that an attempt to share vehicles among city departments is not currently feasible. The main reason for this determination is that City departments are administratively and geographically decentralized, creating logistical problems of accessibility to cars. Additionally, the number of passenger vehicles that could be subject to vehicle sharing by thirty-seven departments is approximately 951 vehicles. Many of those vehicles have specific dedicated daily uses and cannot be shared. Therefore, sharing of City vehicles is difficult and likely to have little effect on the number of vehicles on City streets.

### ***City Hall Shared-Use Vehicle Pool***

The lack of available vehicles for pooling would also apply to a City Hall shared-use program, since there are 16 vehicles parked at City Hall, but 8 or just over 50% belong to the City Attorney and those vehicle are driven all over the City during the day. The remaining 8 vehicles are “on-call” either for Department Directors or are in constant use by their respective departments, and would not be available to participate in a vehicle pool program. Additionally, in their 1997 Report, Purchasing determined a Civic Center area (including City Hall) vehicle pool with 100 vehicles would have operating costs exceeding the savings from a fleet reduction. With 8 vehicles in constant use, it would be difficult to realize any fleet reduction at City Hall. Therefore, expectations of financial and environmental savings are low due to the fact that a City Hall vehicle pool would probably not reduce the fleet (owners of these vehicles could be contacted to adopt a small pool for improvement from a management standpoint).

Since some informal car-sharing does occur already, it appears that the expense and administration of a formal program for 8 vehicles, which are not all subject to sharing, may not be currently efficient.

### ***Options***

There are alternatives to a citywide vehicle sharing program that could achieve the same goals of reducing the number of vehicles on the streets and providing economic and environmental savings in San Francisco. Alternatives include instituting a vehicle lease program that includes alternative fuel vehicles, and providing greater support for increasing transit use by providing additional transit benefits. Other alternatives that should be explored, although they are not addressed in this report, are telecommuting and alternative work schedules as a means to reduce vehicle trips.

## **BACKGROUND**

Over the past several years, the issue of citywide vehicle sharing has been reviewed by the Mayor’s Office, The Purchasing Department, as well as by the San Francisco Civil Grand Jury. The Grand Jury’s focus was after-hours use of City and County-owned vehicles. In 1997, the Purchaser’s Office, in conjunction with the Mayor’s staff, reviewed the feasibility of a Civic Center vehicle pool and determined that the City lacked sufficient vehicles in the Civic Center area to make pooling financially feasible<sup>3</sup>. However, that report’s foremost

<sup>1</sup> It should be noted that this report is based only on survey information on passenger vehicles and should not be considered a full audit of the all Fleet Management programs. Such an audit is beyond both the resources and time constraints of the OLA.

<sup>2</sup> A list of all departments surveyed is attached.

<sup>3</sup> See “Report on Fleet Management Issues”, January 7, 1997 by Ed Lee, Director of Purchasing.

recommendation was to implement a vehicle lease charge-back program, where Central Shops would serve as an internal vehicle leasing agency for the City, charging the departments lease payments, thereby providing a financial incentive for departments to turn in underutilized vehicles.

Historically, departments were not required to budget for the replacement of their vehicles if they were covered by the City Auto Purchase Program in Purchasing's budget. Currently, cars are purchased with general funds budgeted to the departments for new or replacement vehicles. Funds, including Lease Corporation funds, for the next fiscal year are authorized for some replacement vehicles, although very few departments have authorization for new vehicles.

Currently, the Department of Administrative Services (DAS) is involved in a program to purchase natural gas (CNG) vehicles and has approximately 150 in its fleet. These vehicles are approximately \$4000 more expensive than regular fuel vehicles, and DAS has paid for the difference through regional grant funds.

## ANALYSIS

### *OLA Survey Results*

The attached chart details the number of cars, whether or not the department has a shared use policy and the geographical area the cars are driven. Our office contacted thirty-eight departments to assess the number of vehicles and current fleet management practices in each department. Ten departments or 25% had vehicles with an average age of approximately 10-12 years, which make the vehicles unreliable and expensive to repair. We found the cars were parked throughout the City, and therefore difficult to access from one or two centralized parking structures (studies have shown walk times to shared vehicles must be convenient). All departments that provided information had a shared-use policy except one. The District Attorney's Office did not have a formal shared-use pool policy because its investigators are in the field all day in an assigned car. The numbers of cars belonging to a department ranged from 1 to 369. However, our survey also revealed that the size of the department has very little to do with the number of cars needed; the type of work each department performs is a more accurate indicator of need. For example, adult probation is a relatively small department but reported needing more than its allotted eight vehicles because probation officers are in the field all day. In contrast, a much larger department such as Laguna Honda Hospital seems adequately staffed with only 7 cars, in that the cars are needed for meetings around town.

Sixteen departments or 42% had a portion of their fleet that was not subject to their shared-use policy. Of the departments who could provide a breakdown<sup>4</sup>, approximately 305 or 32% of the passenger vehicles are dedicated or "exclusive" use vehicles, leaving approximately 521 or 54% of the vehicles to be shared among departments. Seven departments, or just over 18% allowed their employees to drive the vehicles home if the department would otherwise have to pay for parking, or if that employee was on 24-hour call. Except for the Airport, Hetch Hetchy, Muni, the Port and the Water Department, maintenance of all vehicles is centralized and performed by Central Shops.

Without exception, all departments indicated to us that they were in need of additional cars. They would not be able to participate in a shared-use program since their vehicles were in such demand by their departments. Most of them indicated that the cars they were using were 10-12 years old with high mileage and in need of

<sup>4</sup> The Public Utilities Department, with 106 vehicles did not provide a breakdown of exclusive use and shared cars.

replacement. However, the aging vehicles are driven out of necessity, with repair costs often higher than the value of the car. These old vehicles are also our City's greatest polluters and should be phased as soon as possible.

It appears that the lack of *available* vehicles for inter-departmental vehicle sharing and the decentralization of city departments with very few options for building centralized parking lots, make shared-use vehicle pooling a difficult option for improving congestion and air quality.

### ***Private Car-Sharing Programs***

We were unable to find other cities involved in a vehicle pool program of city-owned cars. The shared-use programs in other cities generally involved private citizens participating with non city-owned vehicles. However, these programs, such as San Francisco City CarShare, may better address congestion in dense neighborhoods, and promote residents to give up their primary or secondary vehicles. One such program is a public/private partnership in Seattle that San Francisco City CarShare is modeling. This program may provide an example for the City of San Francisco to participate in a shared-use program to address San Francisco's congestion.

CarSharing Portland, based in Portland, Oregon, is the nation's largest and most advanced program. Its 200 members share a fleet of nine vehicles based in seven sites around downtown and close-in neighborhoods. Building on the success of Portland's program, Seattle is planning a public/private effort. King County Metro is teaming with the City of Seattle to initiate its program with a private vendor, who is expected to handle billing, reservations, and acquire and maintain the vehicles. The two public agencies will provide management expertise, outreach, database of potential subscribers, integration with other transit products and agencies, and parking in the targeted neighborhoods. Initially, 10 vehicles in several high density neighborhoods in Seattle will be provided, with plans to expand to 200 vehicles within 2 years. They anticipate at the end of the two years the roles of the public agencies can be phased out and the program should be self-supporting through subscribers' fees. While the Board has passed a resolution in October supporting car-sharing, perhaps direct involvement, such as King County has provided to its project, could be explored.

## **CONCLUSION/RECOMMENDATIONS**

### ***Lease Charge-Back System***

One alternative is implementing an alternative fuel vehicle lease charge-back system, in which the departments contribute toward the replacement of their vehicles. A lease charge-back program would create incentives for departments to reduce the size of the passenger car fleet.

The Purchasing Department, in its 1997 Report, proposed a lease charge-back system as a means of financing vehicle replacements on a more consistent basis. They proposed establishing Purchasing's Central Shops as an internal vehicle leasing agency for the City for all replacement and newly purchased vehicles. Such an approach would require departments to make periodic lease payments for their general purpose vehicles. The lease rates would cover replacement costs, maintenance, and would accumulate a dedicated vehicle replacement fund. This proposal would create a direct financial incentive for departments to turn in any underutilized vehicles, thereby possibly reducing the overall size of the passenger vehicle fleet.

In conjunction with such a lease charge-back system, we would recommend that Central Shops lease passenger vehicles that are alternative fuel or electric. This would be in accordance with the Clean Air Legislation (File # 99-0624) recently passed by the Board. This option would serve not only to centralize management of the fleet, promoting efficiency, it would encourage turning in underutilized vehicles and improve congestion and air quality. According to staff at Central Shops, start-up costs associated with such a program would be the cost of the new CNG vehicles, approximately \$23,000 per car, with an annual charge to the departments of \$4300 per car.

With regard to potential "best practices," many other jurisdictions including Chicago, San Antonio, New Orleans, Milwaukee, Richmond, Long Beach, and Albuquerque have similar systems<sup>5</sup>.

### ***The Clean Air Program (CAP) and Commuter Checks***

Economics can provide a strong motivation in transit decisions and another way to reduce the number of cars is by providing incentives for *all* City employees to use transit. The City has a Commuter Assistance Program, currently part of the Clean Air Program (CAP) in the DAS. The Commuter Assistance program was developed to help reduce traffic congestion and vehicle emissions by reducing vehicle trips made by City employees. The CAP has had several successful projects including a Hall of Justice Shuttle, bicycle projects and promoting alternative fuel vehicles. The CAP also works with the community-based RIDES program providing match lists for car-pooling and vanpool assistance. Greater support of the CAP either financially and/or legislatively, and expanding programs such as Commuter Checks may provide such an incentive.

The Commuter Check program allows employers to offer their employees a financial benefit for using commute alternative. Commuter Checks are used to purchase Bay Area transit passes for bus, train and ferry, or pay for fares on registered vanpools/buspools. Commuter Checks are either purchased by the employer, or purchased by the employee with a pre-tax salary deduction. **They also can be purchased with a combination of employer and employee funds.**

Currently, the City and County of San Francisco employees are able to purchase transit passes through a payroll deduction program. Many public employers at the federal, state and local level already provide some level of benefit, up to \$65 per month. These include the U.S Ninth Circuit Court of Appeals, the Administrative Office of the Courts, U.S. Department of Energy, California Department of Insurance, California Department of Social Services, City of Hayward, City of San Ramon, and the City of Mountain View. Although there are administrative costs associated with this benefit, the City and County of San Francisco pays no other direct benefit to employees to encourage transit use. Additionally, providing the benefit may reduce payroll taxes (FICA) for the employer. One option that may be worth exploring is expanding the Commuter Checks program to provide **employer** paid benefits or some combination of employer/employee contribution of funds to encourage transit use.

There are however, many labor organizations with individual contracts, each representing City employees. This fact makes packaging this benefit difficult. According to CAP staff, an estimate of costs could be as little as \$900,000 to provide a \$15 check match for approximately 5000 employees. However, some combination of funding could be explored such as state and federal grant funds, regional funding of transportation districts, or deciding to provide the benefit to areas most congested. Free or greatly reduced transportation costs would provide additional incentives for

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<sup>5</sup> See "Final Report on Fleet Management and Operations" for the City of Los Angeles, by David M. Griffith & Assoc., May, 1996.

employees to give up their vehicles. Clean Air Program staff are available to provide the Board with information on the options and costs involved in expanding this and other programs.

### SURVEY RESULTS

DEPARTMENT	Number of Vehicles	Depart. Car-Share Policy?	Geographical Area Driven	Average Age of Fleet
ACADEMY OF SCIENCES	1	yes	Citywide	3 yrs.
ADMINISTRATIVE SERVICES	2	yes	Citywide	6 yrs.
ADULT PROBATION	8	yes	State	8 yrs
AIRPORT	103	yes	Airport	6 yrs
ANIMAL CARE AND CONTROL	1	yes	Citywide	10 yrs
ASSESSOR	2	yes	Citywide	5 yrs
BUILDING INSPECTION	100	yes	Bay Area	10-15 yrs
CITY ATTORNEY	8	yes	Citywide	10-15 yrs
CITY PLANNING	3	yes	Citywide	5-7 yrs
DISTRICT ATTORNEY*	23	no	State	10-15 yrs
DTIS	7	yes	Bay Area	10 yrs
EMERGENCY COMMUNICATIONS/911	2	yes	Citywide	8 yrs
FIRE DEPARTMENT	68	n/a	n/a	n/a
HETCH HETCHY	14	yes	Bay Area	2-5 yrs
HUMAN RESOURCES	1	yes	Citywide	12 yrs
HUMAN RIGHTS COMMISSION	1	yes	Citywide	7 yrs
HUMAN SERVICES	92	yes	State	5-7 yrs.
JUVENILE PROBATION	22	yes	State	10-15 yrs.
LAGUNA HONDA HOSPITAL	10	yes	Citywide	9 yrs.
MAYOR'S OFFICE	3	yes	Citywide	5 yrs
MEDICAL EXAMINER	1	yes	Bay Area	1 yr.
MUNICIPAL RAILWAY	128	yes	Citywide	12 yrs.
PARKING AND TRAFFIC	48	yes	n/a	n/a
POLICE DEPARTMENT (unmarked)	369	n/a	n/a	n/a
PORT	21	yes	Bay Area	8 yrs.
PUBLIC ADMINISTRATOR/GUARDIAN	5	yes	Bay Area	6 yrs.
PUBLIC DEFENDER	8	yes	State	10 yrs.
<b>PUBLIC HEALTH TOTAL (incl. SF Gen Hospital)</b>	63	yes	Bay Area	7-9 yrs.
PUBLIC LIBRARY	2	yes	Citywide	7 yrs.
<b>PUBLIC UTILITIES COMM. (incl. Water Dept.)</b>	106	yes	n/a	n/a
<b>PUBLIC WORKS- TOTAL</b>	133	yes	Bay Area	6 yrs.
PURCHASING	3	yes	Citywide	8 yrs.
PURCHASING--CENTRAL SHOPS	12	yes	Citywide	7 yrs
REAL ESTATE	2	yes	Bay Area	7 yrs.
RECREATION AND PARK DEPARTMENT	13	yes	Citywide	12 yrs.
SHERIFF	43	n/a	Bay Area	7 yrs.
TAX COLLECTOR	3	yes	Citywide	9 yrs.
Total	1431			
	-480			
Total without Police, Sheriff and Fire	951			

Source: OLA Fleet Survey, 1999

\*District Attorney totals include 16 vehicles under Family Support and Welfare Fraud Division purchased with grants funds; not subject to vehicle pool policy.