

Memorandum



CITY OF DALLAS

Report #370

DATE: October 25, 2002

TO: Honorable Mayor and Members of the City Council

SUBJECT: Audit of Recycled Emergency Vehicles

Authorization

We have conducted a performance audit of the use of recycled emergency vehicles in the various departments within the City. These recycled emergency vehicles originated in either the Dallas Fire/Rescue Department (DFD) or the Dallas Police Department (DPD). We conducted this audit under the authority of Chapter IX, Section 2 of the Dallas City Charter and in accordance with the Annual Audit Plan approved by the City Council.

Our audit was performed in accordance with generally accepted government auditing standards and, accordingly, included tests of the accounting and related records and other procedures that we considered necessary in the circumstances.

The objectives of our audit were to determine whether:

- Vehicles retired from emergency use are utilized in non-emergency departments.
- There are specifications for non-emergency vehicles.
- Specification differences exist between emergency and non-emergency vehicles.
- Internal controls are adequate and functioning properly to ensure maximum utilization of vehicles.
- The life span for emergency and non-emergency vehicles is maximized.

Our audit covered activity from January 1, 2001, to present. However, we reviewed certain events and transactions that occurred before this period.

Our audit included a review of selected reports, regulations, and internal memos. To develop an understanding of relevant control structure, policies, and procedures, we:

- Inquired of management and staff regarding internal controls and other matters.
- Conducted site visits to the Equipment and Building Services (EBS) Fleet Management facility, DFD Fleet Services, and DPD Fleet Services.
- Requested and reviewed specific information related to our audit.

Our audit did not include an analysis of vehicle use or the number of Police and Fire employees assigned City vehicles. City vehicle use by the Police and Fire departments will be addressed in the efficiency studies planned this fiscal year.

Conclusion

As a result of our analyses, we conclude that sufficient controls are in place to ensure efficient and effective utilization of retired vehicles. EBS does a commendable job in the professional administration of the recycling of emergency vehicles.

Background

EBS' Fleet Management is responsible for the City of Dallas' emergency and non-emergency vehicles. Specific to this audit, EBS is responsible for purchasing, maintaining, recycling, and eventually terminating DFD and DPD emergency vehicles.

Marked cruisers are the emergency vehicles that are predominantly recycled and reassigned to augment the various City departments' fleet needs; therefore, specific to this audit, only DPD and DFD vehicles were reviewed (i.e., marked cruisers, unmarked cruisers, and sedans).

The type of vehicle to be purchased is determined by each department's budget, need, conditions of operation, and/or service application. Manufacturer availability also determines the type of vehicles that can be purchased.

Vehicles purchased for the DPD and DFD have an additional cost for "add-ons," which are purchased and installed by EBS and then billed to the DPD or DFD. Typical add-ons are strobe lights, light bars, prisoner restraints, and push bumpers. Vehicles purchased for marked cruisers and unmarked full sized police sedans come with police equipment packages (i.e., heavy-duty frames, additional wiring).

Vehicles purchased as unmarked non-emergency vehicles of the mid-size and compact variety are usually stock vehicles. However, these vehicles still require a certain amount of add-ons. The following tables reflect the vehicles purchased for the DPD and DFD in 2000-2001 and 2001-2002:

Purchased DPD (Marked Cruisers)					
Purchase FY	Purchase Cost	Number Purchased	Cost Per Vehicle	Add-Ons Per Vehicle	Total Cost
2000-2001	\$3,566,443	166	\$21,484	\$1,820	\$3,868,563
2001-2002	\$3,493,875	175	\$19,965	\$1,820	\$3,812,375

DPD (Unmarked Sedans/Cruiser Type)					
Purchase FY	Purchase Cost	Number Purchased	Cost Per Vehicle	Add-Ons Per Vehicle	Total Cost
2000-2001	\$42,447	** 2	\$21,223	\$660	\$43,767
2000-2001	\$669,608	* 26	\$26,908	\$660	\$716,768
2000-2001	\$20,250	***1	\$20,250	\$660	\$20,910
2001-2002	\$180,315	** 9	\$20,035	\$660	\$186,255
2001-2002	\$159,750	* 6	\$26,625	\$660	\$163,710

* Natural gas powered vehicles

** Gasoline powered vehicles

*** Toyota Prias – Hybrid (Combination Natural Gas/Gasoline Powered)

DFD (Unmarked Non-Emergency Sedans)					
Purchase FY	Purchase Cost	Number Purchased	Cost Per Vehicle	Add-Ons Per Vehicle	Total Cost
2000-2001	\$443,498	*22	\$20,159	\$240	\$448,778
2001-2002	\$80,800	**4	\$20,200	\$240	\$81,766

* Honda Civic – Natural gas powered

** Toyota Prias – Hybrid

Note: The cost of natural gas vehicles are normally more than gasoline powered. Also, the time of the order may cause a variance in the price.

The price for marked cruisers and unmarked sedans (gasoline and hybrid powered) is comparable. However, sedans have better gas mileage. The City is required to purchase natural gas powered vehicles to comply with clean air guidelines.

Since 1998 EBS has used the following guidelines to remove a marked cruiser from the DPD cruiser fleet:

- 1998: 2yrs/65K miles
- 1999: 3yrs/70K miles
- 2001: 4yrs/100K miles
- 2002: 5yrs/125K miles (Proposed)

Marked and unmarked cruisers removed from service in the fleet are reassigned to other departments, auctioned, scrapped, or used for replacement parts. EBS uses the following make-ready checklist to review vehicles (marked and unmarked) being removed from service to determine the feasibility of reassignment:

- Mileage and maintenance records
- Interior and exterior condition
- Mechanical problems, such as engine, transmission, or brake problems (determined through road testing)

Unmarked non-emergency stock DFD and DPD vehicles receive annual inspections. Criteria for retiring these vehicles involve vehicle history, down time (repairs), and condition. There is not a set mileage or age determinant, as the retirement is budget driven.

Based on the above criteria, EBS determines whether the vehicles can be re-assigned or disposed. Presently, there are 325 marked cruisers that have been recycled out of the DPD and reassigned to 19 separate City departments. Additionally, there are 8 unmarked sedans that have been recycled out of the DPD and reassigned to 8 separate City departments. No vehicles from the DFD unmarked sedan fleet have been recycled out of DFD.

The DPD and DFD staff indicated that almost all of the unmarked sedan fleet is reassigned within its department. Both DPD and DFD use an internal "bump down" system for replacing vehicles. This system is one that replaces older vehicles with new vehicles. Each year, a certain number of new vehicles are purchased and put into service. The DPD and DFD bump down, or reassign, those existing vehicles to another staff person. This process continues until there is a vehicle terminated and taken out of service. There is a one for one replacement of new vehicles to terminated vehicles.

If you have any questions or comments pertaining to these matters, please call me at 670-3223.

Thomas M. Taylor

Thomas M. Taylor, CPA
City Auditor

c: Teodoro J. Benavides, City Manager