

I. EXECUTIVE SUMMARY

The Office of Inspector General (OIG) of the City of New Orleans conducted an evaluation of the City's fleet management program. The purpose of the evaluation was to determine if the City had effective policies and procedures in place to manage its fleet effectively and control the cost of fleet operations.

Vehicles and equipment are essential to the delivery of municipal services. At the end of 2014 the City owned more than \$60 million in motor vehicle and equipment assets including police cars, fire trucks, garbage trucks, and passenger vehicles. Management of the assets was divided between the Equipment Maintenance Division (EMD), a division of the Chief Administrative Office, and city departments, with user departments bearing a greater share of the responsibility. Most fleet management responsibilities were assigned to user departments including establishing availability requirements, monitoring maintenance, and investigating instances of suspected misuse. The EMD was responsible for providing maintenance and repair services, assisting with developing specifications and coordinating acquisition, and providing fuel.

Evaluators examined the City's fleet management practices from 2009 through 2014. In addition to reviewing the EMD's fleet management practices, evaluators also reviewed fleet management practices in all city departments and some outside agencies to which the City provided fleet services.

Evaluators found that the lack of information related to fleet operations prevented EMD and user department staff from making informed decisions. The City could not produce reliable, basic information such as how many vehicles it had, how often they were used, and what type of repairs were performed. In addition, the City did not use accurate and reliable data to guide management decisions such as determining how many vehicles it needed, whether to outsource maintenance, and when to replace vehicles.

In addition to a lack of information, there was also a lack of oversight related to fleet policies and procedures. Fleet staff did not have the authority to enforce policies related to the appropriate use of vehicles, fueling, adhering to maintenance schedules, and retiring vehicles. The City also had not established policies and procedures with outside entities to which it provided fleet services.

The evaluation included the following findings:

- City decision-making was not informed by data due to the lack of a functional information system.
- The City did not have an accurate and reliable list of vehicles and equipment.
- The City did not establish vehicle use standards or track vehicle use to determine the right size and make-up of the fleet.
- The City did not have an effective mechanism in place to ensure that vehicles received preventive maintenance at recommended intervals.
- The City did not conduct vehicle and equipment life-cycle analyses to create replacement criteria; therefore, it could not determine the optimal time to replace vehicles and equipment.
- The City's decentralized organizational structure did not support effective fleet management.

Based on these findings, the OIG made the following recommendations:

- The City should begin systematically collecting and analyzing information about its fleet.
- The City should ensure that it has an accurate and reliable vehicle list.
- The City should develop standards for vehicle and equipment use, and staff should measure use to determine if those standards are met. That information should be used to achieve the optimal fleet size through acquisition, transfer of vehicles between departments, the sale of surplus vehicles, and sharing lightly-used vehicles among departments.
- The EMD and user departments should establish formal preventive maintenance schedules for vehicles and equipment, and the City should provide the Fleet Manager with sufficient authority to enforce preventive maintenance schedules.
- The City should use life-cycle analysis to create replacement criteria for vehicles and equipment and fund replacements at the optimal time.
- The City should provide the incoming fleet manager with sufficient authority to oversee efficient fleet operations, standardize the role of vehicle coordinators, and establish formal expectations for outside agencies to which the City supplies vehicles and/or service.

The City has agreed to implement the OIG recommendations for improved fleet management.