

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 2/7/2012	(3) CONTACT/PHONE Katie Perez, Deputy Director (805) 781-5200	
(4) SUBJECT Request to declare forty-eight (48) vehicles surplus and authorize sale in accordance with County Code Section 2.36.030(5).			
(5) RECOMMENDED ACTION General Services Agency recommends your Board: <ul style="list-style-type: none"> • Declare the attached list of forty-eight (48) vehicles as surplus, • Authorize removal from the County fleet, and • Authorize their sale to recover salvage value in accordance with County Code Section 2.36.030 (5). 			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT Sale of vehicles will yield \$80,000 to \$100,000 for Fleet vehicle replacement account	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation (Time Est. _____) <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(18) ADMINISTRATIVE OFFICE REVIEW			
(19) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Katie Perez, Deputy Director
(805) 781-5200

DATE: 2/7/2012

SUBJECT: Request to declare forty-eight (48) vehicles surplus and authorize sale in accordance with County Code Section 2.36.030(5).

RECOMMENDATION

General Services Agency recommends your Board:

- Declare the attached list of forty-eight (48) vehicles as surplus,
- Authorize removal from the County fleet, and
- Authorize their sale to recover salvage value in accordance with County Code Section 2.36.030 (5).

DISCUSSION

The General Services Agency Director acts as the Purchasing Agent and is charged with the responsibility to handle and dispose of surplus property. Routinely, in accordance with the County Code, your Board is requested to declare items surplus for their disposal and recovery of salvage value. The disposal of vehicles is done through the sale of vehicles as authorized by County Code Section 2.36.030 (5). This code provides the authority to sell, salvage, destroy or otherwise dispose of any personal property belonging to the county and found by the Board of Supervisors not to be required for public use. As of February 7, 2012, General Services Agency has identified forty-eight (48) vehicles which are beyond their useful life and now need to be remarketed (see Attachment 1).

Fleet Services provides transportation solutions designed to meet the specific needs of each Departments unique operational requirements. Fleet Services provides continuous analysis of best practices to maintain the optimal cost effectiveness and reliability throughout the full life cycle of the County Fleet. This includes a comprehensive analysis of each vehicle performance and maintenance in order to develop a cost effective replacement schedule. Our in-house preventive maintenance (PM) program is vital to the overall success of our Fleet Management program. The County fleet is maintained at or beyond manufacturers' recommendations to ensure that County operations suffer little or no down time due to failed vehicles. Every vehicle is thoroughly inspected during each service as we closely monitor our fleet condition. A well maintained fleet saves operating department's time and money through reliability and longevity.

As a general rule, we set a vehicle's life expectancy at 8 years or 100,000 miles. We track maintenance and repair cost and have identified rapidly increasing cost when we exceed these points. As vehicles get close to these parameters they become candidates for replacement. This is not an automatic response however. We delay the replacement of underutilized vehicles as long as possible while managing the fleet at optimal levels of safety, reliability and cost efficiency. Fleet Services carefully analyzes each vehicle throughout its lifetime in order to extend the life expectancy as far as economically feasible.

In an effort to reduce Fleet cost, Fleet Services works with the County Purchasing Division to purchase our vehicles as competitively as possible. It is equally important that we time the resale of these vehicles in order to recover the maximum resale value. The county suffers financially when a vehicle remains in the fleet too long as it loses much of its resale

value. A vehicle's resale value is greatly reduced when it ages beyond 8 years and especially once it exceeds 100,000 miles. Most critical is when we allow a vehicle to remain long enough to suffer a major component failure. In these cases we lose virtually all salvage value.

The average age of the vehicles listed in Attachment 1 is 8 years and 9 months. The average mileage is 103,620 miles. Of these forty-eight (48) vehicles, twenty-five (25) are under eight (8) years old. The vehicles under 8 years old have an average of 105,819 miles on them. Eighteen (18) of these twenty-five (25) have exceeded 100,000 miles, two (2) have over 91,979 miles, one (1) is wrecked, two (2) have suffered engine failures, two (2) were surrendered without replacement. Four (4) of the forty-eight (48) vehicles are at least eight (8) years old, and have yet to reach 100,000 miles. These have been thoroughly examined and are no longer economically feasible to repair and maintain at the level of reliability and safety required for their assignment.

Fleet Services has examined each of these forty-eight (48) vehicles and recommend that all of them be declared surplus. It is important that this equipment be re-marketed in an expeditious manner in order for Fleet Services to optimize the recovery of the maximum level of resale value. This will allow funds to be generated to assist in purchasing replacement vehicles.

OTHER AGENCY INVOLVEMENT/IMPACT

All departments participate in utilizing the fleet in some form. Departments and Fleet Services coordinate the regular replacement and disposal of vehicles as part of ongoing Fleet Services operations.

FINANCIAL CONSIDERATIONS

The sale of surplus vehicles represents revenue to the County, which is allocated to the appropriate funds. In the case of grant-funded vehicles, the net proceeds from disposal are returned to the contributing department. In the case of Fleet owned vehicles, the net proceeds are returned to the capital investment fund for purchase of future replacement vehicles. An estimate of the revenue that is generated by the sale of these vehicles is not known at this time since revenue realized is subject to variability associated with market conditions.

RESULTS

Periodic disposal of County surplus generates revenue and frees up limited storage space. Staff utilizes the most practical and efficient methods of disposal, thereby enhancing the County's surplus operations and contributing to a well governed community.

ATTACHMENTS

1. Attachment 1 - Surplus Equipment List