



**CITY AUDITOR** 345 6<sup>th</sup> Street, Suite 600, Bremerton, WA 98337-1873 & Phone (360) 473-5369

September 10, 2010

Honorable Patty Lent, Mayor  
Members of the City Council

The City Auditor has completed the attached performance audit of Equipment Rental Reserve. Three findings were noted as follows:

- The hardware and software maintaining the ERR depreciation and reserve data is likely to fail soon
- The existing policies and procedures are not current and should be updated
- The city does not have a Fleet Policies and Procedures Manual although the fleet manager has requested one since 1996

Several management issues were identified. These included the absence of a standard to establish minimum utilization standards for vehicles and equipment. The basic principle of fleet management to control fleet size by not allowing "fleet creep" has not been followed. There is not a concise policy establishing replacement criteria.

The assistance of Jim Orton, Fleet Manager; Chuck Ernst, Auto Equipment Tech. Supervisor; and Millie Vellegas, Financial Manager PW&U, is greatly appreciated.

Sincerely,

Gary W. Nystul

cc: City Attorney  
Director of Financial Services  
Director of Public Works & Utilities

# **REVIEW OF EQUIPMENT RENTAL RESERVE FUND**

## **Purpose**

The Office of the City Auditor reviews various phases of city operations for compliance and performance. This review of the Equipment Rental Reserve Fund (ERR) was scheduled in the 2010 work plan.

## **Scope**

This is a review of financial activity in Fund 510 Equipment Rental Reserve for the years 2003 through 2009. It also reviews financial activity for Equipment Services, (Department 45 and 47), for the same period. A review of budgeted revenue and expense for 2010 is also included.

## **Statement of Auditing Standards**

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards, except Standard 3.50 requiring an external quality control review. Those standards require that the auditor plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. The auditor believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

## **Objective**

The objectives of this audit were to:

- Review and analyze the revenue and expense of ERR including equipment maintenance for 2003 through 2009
- Review city policies related to ERR and fleet operations
- Review projections for the 2010 budget and opportunities for cost reduction
- Review overall financial operation of the city fleet of vehicles and equipment
- Note opportunities for economy, efficiency or effectiveness

## Summary of the Results

- The hardware and software that records the ERR reserves is old and likely to fail
- The existing policies in the BMC and the City Policy and Procedures should be updated and improved
- Although it has been proposed for more than 13 years, the city lacks a Fleet Policies and Procedures Manual

## Background

State law requires any city with a population of more than 8,000 to establish an equipment rental fund in its street department or any other department. The law requires the fund to “acquire equipment necessary to serve the needs of the city street department.” It also permits the fund to service other departments.

Chapter 3.68 of the Bremerton Municipal Code establishes the basic policies for the creation of the fund. It was last updated in October 1986. This chapter provides that the ERR fund shall be administered by the Mayor. It grants to the City Council authority to include vehicles and equipment owned at the time of adoption of the ordinance to be included in ERR. It allows the City Council to expressly exclude certain specialized items of equipment. It also requires a monthly payment for the replacement of each item, “based on the cost of acquisition and the estimated useful life of the particular item.”

The city administration has established the administrative direction through Policy 1-20-02 *Equipment Rental Policy* in the Policy and Procedures Manual. It was last updated in August 1996. It gives some guidance on what can be included, provides parameters for assigning useful lives and procedure for accumulation of reserves. However, it does not state who has authority over replacement decisions, define the replacement decision process, or indicate who has final authority to determine replacement lives.

The Equipment Services Division of the Department of Public Works & Utilities manages the fleet operation. They operate the maintenance and repair facility which includes vehicles and equipment in ERR as well as other city equipment. They also purchase the replacement vehicles and equipment.

In the financial system there are two funds accounting for ERR. The primary fund is Fund 510 Equipment Rental Reserve established for the replacement reserve accumulation and purchase of replacements. The detail accounting records of reserves and depreciation are maintained on the software program Vehicle Manager which is not part of the primary accounting system.

The related fund is Fund 509 Equipment Rental Reserve Operating Fund established for the maintenance and repair costs. The various departments are charged for their estimated annual cost of fuel, oil, tires, maintenance, etc. for each vehicle or major piece of equipment they use. That amount is transferred to the fund each month. The operating

fund is treated as an internal service fund. In 2003, it was part of the General Fund. From 2004 to 2008 it was included as a separate department in the ERR fund. In 2009 and 2010 it is in a separate fund which provides better visibility of total revenue compared to expense.

On December 31, 2009, there were 305 vehicles and pieces of equipment with a cost of \$10,519,715 in ERR. The fire engines and ladder truck are not included in this table. They have been purchased as part of a bond issue and are not included in ERR. The vehicles and equipment are summarized as follows:

|                         |           |
|-------------------------|-----------|
| Sedans                  | 30        |
| SUVs                    | 12        |
| Police sedans           | 31        |
| Small pickups and vans  | 53        |
| Medium pickups and vans | 7         |
| Large pickups and vans  | 42        |
| Medium trucks           | 22        |
| Heavy trucks            | 19        |
| Backhoes                | 6         |
| Mowers                  | 21        |
| Trailers                | 19        |
| Other                   | <u>43</u> |
| Total                   | 305       |

### **ERR FINANCIAL**

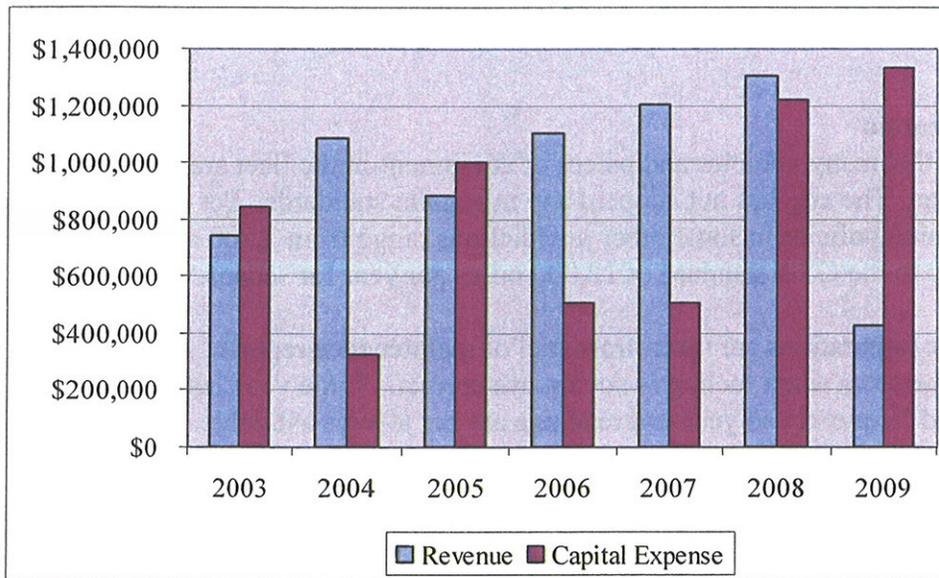
On December 31, 2009, the ERR fund had accumulated cash and investments for a replacement balance of \$5,525,803. This amount is available to purchase replacements for the vehicles or equipment in the ERR. Balances have been segregated for each fund or department that has contributed to ERR. The cost, reserve target, total reserve collected, and percent of reserve target collected reported in Vehicle Manager is shown in the following table. The cost is the historical acquisition cost of the vehicle or equipment including all expenses to place it in service. The reserve target is the estimated amount that will be needed to replace the items. The total reserve collected is the amount of cash that has been accumulated as of the end of the year.

| <b>Department</b>          | <b>Cost</b>         | <b>Reserve Target</b> | <b>Total Collected</b> | <b>% Collected</b> |
|----------------------------|---------------------|-----------------------|------------------------|--------------------|
| 001-13 Municipal Court     | \$15,860            | \$0                   | \$0                    | 0%                 |
| 001-16 DCD                 | 57,622              | 57,350                | 35,401                 | 61.73%             |
| 001-20 Police              | 1,592,167           | 1,453,306             | 340,046                | 23.40%             |
| 001-25 Fire                | 1,037,602           | 990,976               | 113,473                | 11.45%             |
| 001-45 ESD                 | 257,626             | 212,881               | 102,599                | 48.20%             |
| 001-49 Facilities          | 23,954              | 24,000                | 12,545                 | 52.27%             |
| 001-51 Parks               | 843,351             | 670,115               | 296,236                | 44.21%             |
| 001-61 Engineering         | 91,856              | 91,700                | 44,269                 | 48.28%             |
| 102 Street                 | 2,114,021           | 1,768,711             | 868,852                | 49.12%             |
| 113 BKAT                   | 17,201              | 17,000                | 4,743                  | 27.90%             |
| 401 Water                  | 2,342,734           | 4,663,403             | 2,692,819              | 57.74%             |
| 451 Wastewater             | 1,172,049           | 1,048,100             | 782,707                | 74.68%             |
| 481 Stormwater             | 922,528             | 757,585               | 232,112                | 30.64%             |
| 511 Information Technology | 18,841              | 0                     | 0                      | 0.00%              |
| <b>Total</b>               | <b>\$10,507,413</b> | <b>\$11,755,125</b>   | <b>\$5,525,803</b>     | <b>47.01%</b>      |

A national fleet consulting firm recommends a reserve balance should be 15% to 20% of the current replacement value. The 47% average collected clearly exceeds their recommendation. Included in the Water Reserve Target, but not the Cost, is \$2,500,000 for MXU batteries (water meter remote reading units). If the Target and Amount Collected for these batteries were subtracted from the totals, the ERR would be 55% funded. Subtracting the Target and Amount Collected for the batteries from the total collected by Water would show it funded at 105%.

The amount collected and expended is also recorded and maintained on an Excel schedule of each vehicle or piece of equipment. Differences in replacement cost are noted in the schedule. In some instances, amounts accumulated for one vehicle have been used to replace a different vehicle and this is also recorded. The net amount from collection over or under the cost of the replacement is accumulated as an undesignated item for each department.

The following chart summarizes financial activity for vehicle and equipment replacements. The chart excludes revenue and expense of loans or transfers to and from various funds and it excludes repayment of loans. The annual payment from the various funds for the replacement of their vehicles and equipment is called Equipment/Vehicle Reserve. Expenditures in 2003 did not include \$171,927 of capital costs for automobiles that was included in Equipment Services. Those costs have been added in for comparative purposes. A detail schedule of the financial activity is included as an attachment.



Over a period of several years, the amount placed in the replacement fund has equaled or exceeded the amount expended for replacements. As indicated, the annual expenditures vary significantly. Adequate funds should be kept for years of greater need so that scheduled replacements can be made. However, more review is needed of replacements scheduled in the next five years. Using the standard life of seven or ten years is not a satisfactory method to schedule replacements. Replacements scheduled in the near future should be individually evaluated to determine the appropriate year for replacement.

### **Equipment Services Division Financial**

This department is where the fuel, tires, maintenance and repairs for the fleet are expended. The attached schedule shows the revenue and expense of Department 45 and 47. As shown on the schedule on page 13, in 2003 it was part of the General Fund. In 2004 through 2008 it was part of Fund 510, the ERR fund. In 2009 it was moved to Fund 509.

As an internal service fund, the revenue charged the various departments for the maintenance and repair of their fleet of vehicles and equipment should equal the cost of that service. As shown on this schedule, the total expenditures in 2003, 2004 and 2005 exceeded revenue by \$1,090,700. For the years 2004-2008 the expenditures exceeded revenue by \$417,222. In 2009, the revenue exceeded expense. If the amount for the deficit for 2004-2008 was transferred to Fund 510 from the 2009 excess, Fund 510 would be restored to its proper balance.

## **MANAGEMENT ISSUES**

### **Minimum Utilization**

A major issue is that many vehicles and pieces of equipment in the fleet are used very little during a year. The city has not adopted any minimum standards. For example, minimum utilization policies in some other jurisdictions range from 2,500 miles or 50 hours per year up to the GSA standard of 12,000 miles per year for sedans.

Annual mileage computations are taken from fuel or maintenance reports. The odometer entry made by operators when fueling is not always correct. Some vehicles are not serviced or fueled frequently so year end readings are not always available.

A study of 38 sedans and SUVs found the number of miles traveled in 2009 ranged from 413 miles to 16,641. Eleven of the 38 vehicles (29%) had less than 4,000 miles.

Some specialized equipment, such as the 1990 Kenworth Boom Truck, do not get many miles in a year. In 2009 it traveled about 630 miles. Mileage should only be one consideration for keeping specialized equipment in the fleet.

There should not be more vehicles or equipment in the fleet than what are necessary. An annual review of utilization should be made as part of the budget process. There is no evidence of any formal review or assessment in recent years. Reassignment of vehicles is an option to get better use. However, the Fleet Manager does not have authority to move vehicles between departments.

### **Fleet Creep**

Several departments have kept vehicles that have been replaced. This expands the number of vehicles and is referred to as "fleet creep." The US General Services Administration states that a basic principle of fleet management is to control fleet size. The city does not have a policy to prohibit this action and no formal approval is required to keep replaced vehicles. The retained vehicles add to the overall cost of operating the fleet with additional costs for fuel and maintenance.

### **Replacement Standards**

The policy on when to replace vehicles or equipment is limited. The Policy manual gives only estimated useful lives for vehicles. There is no mileage standard. There is also no standard for off-road vehicles that do not have odometers. Industry standard replacement tables use a combination of years and miles or hours.

The schedule used for planning and budgeting of replacements is kept in the old software system. It takes the years of estimated life added to the purchase date, and schedules the year of replacement. This process should be refined. A more accurate replacement

schedule, based on years, miles, hours and an assessment of condition, should be used. This replacement plan should also be updated annually as part of the budget process. There is also the issue of who makes the final decision when to replace something. Does the head of the department have authority to decide or does the Fleet Manager? The policies should establish the authority.

### **MXU Batteries**

Included in the Reserve Target for the Water fund is \$2,500,000 for batteries in the remote reading water meters. The present batteries have a recommended life of 5 years. The replacements cost is approximately \$20 per meter for about 18,000 meters. The purpose of including this in ERR is to accumulate funds for replacing the five year battery with a 20 year battery and changing reading from a computer driving around in a vehicle to an antenna system covering the whole city. The intent of the ERR is for replacement of vehicles and equipment. It is not a sinking fund to accumulate funds for future vehicle or equipment purchases. It is not appropriate to have this accumulation in ERR.

## **FINDINGS AND RECOMMENDATIONS**

- 1. The hardware and software used to account for the vehicles and equipment in ERR and their depreciation, reserve targets and accumulated reserves is old and will likely fail in the near future with no backup having been identified.**

### Condition

The software "Vehicle Manager" is part of the old Pentamation software which is the old accounting system. It is no longer supported by the vendor. The computer this software runs on was acquired in the summer of 2000 and is now obsolete. The only other use of this computer is for researching historical data. Although the data for Vehicle Manager is backed up, when the computer fails there will be a substantial cost and effort to recover the data.

### Criteria

Financial and management data which is necessary for city operations should be kept on hardware and software that will be available when needed. Using unsupported and old systems likely to fail is not acceptable.

### Cause

The Department of Public Works and Utilities and the Department of Financial Services have not made any plans to migrate the data to new platforms.

## Effect

When the hardware fails, the financial data will not be readily accessible. Recovering the data from backups will require time and money.

## Recommendation

The Department of Financial Services and the Department of Public Works & Utilities should forthwith move the data to a new usable platform.

## **2. The policies for management and operation of the ERR fund adopted by the City Council and Mayor are not current and should be improved.**

### Condition

The management and operation of ERR is governed by Chapter 3.68 of the Bremerton Municipal Code and Policy 1-20-02 of the Policy and Procedures Manual. Chapter 3.68 was adopted in 1986 and ratified what equipment went into the fund when it started. It provides little policy guidance other than to state that the fund shall be administered by the Mayor.

Policy 1-20-02 was approved by the Mayor in August 1996. It gives only general direction in a few areas for the operation of the fund. It needs to be updated and should provide more specific guidance.

The Policy states that police cars are not included. Police cars were added in 2004 but the Policy has not been updated.

The Policy specifies the estimated useful lives for vehicles and equipment. For example, small equipment, cars, and trucks through 10,000 GVW are assigned useful lives of 7 years. It does state that exceptions are to be decided on a case-by-case basis. It does not use a combination of miles and years as many fleets do. It also does not state who will make this decision.

The Policy uses acquisition cost as the basis to be recovered. There is no provision to allow use of an estimated replacement cost which may be more reasonable and accurate than historical cost.

The Policy requires departments to continue to be assessed reserve charges even though the estimated useful life has been met. Some examples of the effect of this policy are as follows:

| <b>Description</b>         | <b>Reserve Target</b> | <b>Reserve Collected</b> | <b>Percent of Target</b> |
|----------------------------|-----------------------|--------------------------|--------------------------|
| #2140 1994 Chevrolet K3500 | \$24,760              | \$46,927                 | 190%                     |
| #3961 HP Test Set          | \$14,763              | \$24,350                 | 165%                     |
| #0020 1990 International   | \$69,674              | \$181,649                | 261%                     |
| #0050 1991 Caterpillar     | \$73,463              | \$177,075                | 241%                     |

The Policy should state the minimum cost or replacement value of items to be included. There are 15 pieces of equipment costing less than \$5,000 that are presently included. Examples include a mower costing \$1,176, battery charger costing \$1,719 and a snow plow costing \$4,235. There is no need to accumulate funds over several years for these minor pieces of equipment. They should be funded out of current expense. There are 30 items costing between \$5,000 and \$10,000 which may also be considered for exclusion.

The Policy allows only the user department head and the City Treasurer, by mutual consent, to add items to ERR. No formal action or a record is required. No notice or review by the mayor or council is needed.

The Policy provides that “significant gains on replacement” or “significant losses on replacements” will be refunded or charged to the user department on a case by case basis. The term “significant” is not defined.

#### Criteria

City policies should provide reasonable guidance for the proper and efficient operation of the ERR. The policies should clearly describe, for example, what may be included in the fund, who will decide what to include and how additions and replacement funding will be allocated.

#### Cause

The city administration has not reviewed and updated the policies for the operation of the ERR since 1996.

#### Effect

With many people making decisions in the absence of specific policy, items have been included in ERR which are too small to be reasonable. Substantial items have been added, such as MXU batteries for \$2,500,000, without mayor or council approval. Vehicles that were replaced have been retained resulting in “fleet creep.”

#### Recommendation

The City Council should amend BMC Section 3.68 to establish their desired level of policy regarding value and type of items that may be included in ERR. They should prescribe the method to add or delete items from ERR.

The Mayor should update Policy 1-20-02 in the Policy and Procedures Manual to include sufficient guidance for the consistent and effective operation of the fleet.

**3. A Fleet Policies and Procedures Manual does not exist for the uniform operation and maintenance of the vehicle and equipment fleet.**

Condition

There are no written policies and procedures for the operation of Equipment Services. Since September 1996, the fleet manager has requested city management to adopt policies. He has provided draft policies for their consideration. With over 300 pieces of major equipment and vehicles operated by eight departments, written guidance on the basics of care, maintenance and accountability are essential.

Criteria

As stated in the GSA *Guide to Federal Fleet Management*, "Industry best practice demands that a comprehensive "Fleet Management Policy and Procedure Manual" be provided as one of the foundations for effective and uniform control of fleet assets and their operation and maintenance." Basic policies should address the following topics to provide a uniform administration of the fleet.

- Establish the authority and responsibility of the fleet manager
- Outline department responsibility for care and management of fleet assets
- Establish responsibility for ensuring qualified operators
- Outline responsibility for daily maintenance and care of vehicles and equipment
- Describe fuel procedures including use of fuel cards
- Provide a means to report abuse
- Proper reporting of accidents or damage
- Responsibility for following scheduled maintenance
- Maintenance of repair records, including cost
- Decision process for replacing vehicles or equipment
- Authority to retain vehicles or equipment scheduled for replacement
- If a pool rental fleet is maintained, the use and charges
- Minimum use levels to justify keeping the vehicle or equipment

Cause

It is unknown why management has not adopted written policies. The Fleet Manager has submitted proposed policies since 1996. Neither the Directors of Public Works nor the Mayors have acted upon the recommendations. An audit report issued in December 2007, recommended the adoption of policies and procedures. The Director of the Department of Public Works & Utilities stated "Updated policies and procedures have been drafted and will be implemented in 2008." This update has not occurred.

## Effect

Without written policies, uniform accountability for care and operation of the fleet cannot be established. Difficulties are encountered to ensure accountability to follow maintenance schedules. Basic mileage entries in the use of the fuel system were not correctly entered which precluded the ability to measure mileage. Vehicles which have been replaced with new models have been retained by departments without any oversight by city management thus expanding the fleet.

## Recommendation

The Mayor should approve adoption of the Policy and Procedures Manual. The manual should be placed on the city intranet and called to the attention of all directors and employees.

## **OTHER ISSUES**

### MAINTENANCE SOFTWARE

In 2004, the Equipment Services Division was directed to start using Cartegraph software for management of fleet maintenance. Cartegraph is an asset management software and not a fleet maintenance software. For the last five years, the Equipment Services Manager and the Auto Equipment Repair Technician Supervisor have been customizing the software to make it work. They have made significant improvements to the software to perform tasks needed for fleet maintenance. However, it still lacks the functionality that many fleet software systems provide.

### FUEL PAGE ON COBWEB

The Information Technology department maintains a "Fuel Page" on the city intranet Cobweb. This page reports fuel purchases from the card key system. It reports purchases by employee, vehicle, and type of fuel. The information is downloaded each month from the invoice from the card key system vendor. It can be a management tool for the departments. One problem is that all of the water, wastewater and storm water vehicles are combined in one department. It is not easy for any of these three departments to review their monthly use. This problem is easily corrected by providing IT with a list of vehicles assigned to each of the three departments. Although several people are aware of this issue, there has been no management action to have the problem corrected.

## 2010 AND FUTURE BUDGETS

Budgets are adopted for both Departments 46 and 47. The original 2010 budget for Department 47, which funds the maintenance and operation, anticipated an excess of revenue over expense of \$119,300. The reported purpose for this surplus was to pay back the cash loan from Department 46 when the separate fund for Department 47 was created. With the mid-year budget adjustment the surplus has been reduced to \$27,300.

The original 2010 budget for Department 46, the capital replacement portion, anticipated \$401,002 from the General Fund. After the revenue deficit in the General Fund was identified, the mid-year budget adjustment reduced the amount to \$200,500.

It is important to adequately fund the ongoing maintenance costs in Department 47. As an internal service fund the revenues should equal the expenditures. In difficult financial times the proper share of General Fund and other fund expenses should be adequately funded.

Funding future capital expense is also a target in difficult financial times. As noted elsewhere, some departments are very adequately funded for capital replacements. The General Fund has annual needs and does not have a significant reserve. Annual replacement schedules need to be carefully evaluated and the required funding needs to be anticipated.



Public Works & Utilities Department  
Director's Office

# Memorandum

**To:** Gary Nystul, City Auditor  
**From:** Vincent Akhimie *VJA*  
**Re:** ERR Audit Report  
**Date:** September 1, 2010

Finding #1: The hardware and software used to account for the vehicles and equipment in ERR and their depreciation, reserve targets, and accumulated reserves are old and will likely fail in the near future with no backup having been identified.

Action: The Public Works & Utilities Department (PW&U) will investigate moving data to a new platform. PW&U will work with Information Technology and the Finance Department in determining cost feasibility and software options.

Finding #2: The policies for management and operation of the ERR Fund adopted by City Council and Mayor are not current and should be improved.

Action: The PW&U Department updated Chapter 3.68 of the Bremerton Municipal Code entitled "Equipment Rental Reserve Fund" to clarify the operation and administration of the fund. The amendment established ownership of the vehicles and equipment within the fund as belonging to the fund, assigned the Director of the PW&U the responsibility of administering the fund, and identified what is included in the equipment use charges assessed to each user department.

Policy 1-20-02 will be reviewed and we will provide more specific guidance regarding acquisition costs and reserve charges in the fund.

Finding #3: A Fleet Policies and Procedures Manual does not exist for the uniform operation and maintenance of the vehicle and equipment fleet.

Action: Updated policies and procedures will be drafted and implemented in 2011. These policies and procedures will be placed on the City website.

## Other issues

Maintenance software: PW&U staff will review software programs, including Cartegraph, to determine the best fleet software to use for the fund.

Fuel page on CobWeb: PW&U staff will provide IT with a list of vehicles assigned to each of the three departments (Water, Wastewater, and Stormwater) to allow easier management by these divisions.

2010 and Future Budgets: PW&U will review maintenance costs in Department 47 with the PW&U Financial Manager and provide recommendations to Council by October 1<sup>st</sup>.

Attached is a response from our Equipment Services Manager to the audit.

Please call if you have any comments, or require additional information.

A handwritten signature in blue ink, appearing to read 'Vincent Akhimie', with a stylized flourish at the end.

Vincent Akhimie  
Director of Public Works & Utilities

Enc.

cc:  
Mayor  
Millie Vellegas (PW&U Financial Manager)  
Jim Orton (Equipment Services/Fleet Manager)

**EQUIPMENT SERVICES MANAGER'S  
RESPONSE TO AUDIT DATED AUGUST 30, 2010**

Overall the City Auditor's report makes an accurate statement of the issues pertaining to the Equipment Rental Reserve (ERR) fund as it was up to the date of this report. Beginning in 2009 the interim Finance Director and I have been working to correct the deficiencies as they pertain to the replacement fund and accrued balances. On August 25, 2010 I presented an ordinance before Council which updates chapter 3.68 of the BMC which will address many of the concerns the auditors report. The ERR fund and the Equipment Services Division have been operating for years with outdated or lack of policies. This lack of policies has caused many of the deficiencies in the City Auditor's report.

Account balances have been reduced in the General fund portion of the ERR fund by:

- No reserve payments were made into the ERR fund in 2009
- General Fund withdrew \$1,000,000 and transferred it to Operations
- Police purchased 9 patrol cars and 4 staff vehicles for a total of \$485,000
- No reserve payments into the ERR fund for the last 6 months of 2010
- Reserve payments will be reduced by 50% for the entire city in 2011

The report shows the running deficit in the Equipment Services (Department 47) from 2004 to 2009. This deficit will be balanced out by year end 2010.

The ERR Fund is operated under the assumption that the departments own the vehicles and equipment in the fund. This makes transfer of good equipment between departments difficult. This will be changed with the updated BMC where ownership of vehicles and equipment in the ERR Fund are owned by the fund.

Equipment Services operates with two separate software programs. The ERR Fund is tracked using an old financial software program and is no longer supported and will fail at some point. The fleet software which tracks maintenance and fuel costs is called Cartegraph (which was purchased by PW&U). We have adapted this program to track fleet costs, but it is not a fleet management software. It has taken 5 years and at quite an expense to adapt it for our use, but we have made it work. We can also adapt it to track the ERR Fund.

The Information Technology Department has developed a fuel use tracking page which can be accessed by each department. While it is true that Water, Wastewater, and Stormwater was combined, it has now been changed to reflect the different divisions.

To quickly summarize, most of the issues that face the operation of both the ERR Fund and the Equipment Services Division will be corrected with the implementation of policies. Policies should be drafted and adopted in the upcoming year.