



Office of the City Manager

INFORMATION CALENDAR

October 16, 2012

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Andrew Clough, Director, Public Works
Subject: Status Report: City Fuel Operations Need Improvement

SUMMARY

In April 2011 the City Auditor submitted an audit report to Council titled [City Fuel Operations Need Improvement](#).¹ The audit had 3 objectives, asking: 1) Was all gasoline and diesel purchased for the City's refueling stations received? 2) Was all gasoline and diesel fuel purchased by the City during FY 2010 accounted for as either billed to users or in storage? and 3) Could procedures allow refueling errors and abuse to go undetected? Findings and recommendations were addressed to the Departments of Public Works, Information Technology, Fire, and the City Manager for responses.

The audit report included 6 findings and 15 recommendations, and 1 of these was implemented when the audit report was published in April 2011, and Recommendation 1.6 had a component (1.6.1) that would not be implemented. The first status report was submitted to Council in [January 2012](#),² at which time there were 4 outstanding recommendations. This status report includes another 2 implemented recommendations, and 2 that are partially implemented. This is the second status report on this audit, and another report will be submitted to Council by March 2013 on the recommendations that remain open.

CURRENT SITUATION AND ITS EFFECTS

The following recommendations have been implemented or partially implemented since the audit status report in January 2012. Recommendations are for Public Works only, unless otherwise indicated.

Finding 1: Approximately 12% of the Fuel Purchased for the Transfer Station and Corporation Yard Refueling Stations Is Unaccounted for

Recommendation 1.6 for Public Works and Information Technology:

¹ Audit report: City Fuel Operations, March 2011: www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2011/04Apr/2011-04-26_Item_37_Audit_City_Fuel_Operations_Need_Improvement.pdf

² Status report: City Fuel Operations Need Improvement, January 2012: www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_City_Council/2012/01Jan/2012-01-17_Item_37_Status_Report_City_Fuel_Operations.pdf

Recommendation 1.6: If cost effective:

1. Modify the Fleet Management Module so that fuel transaction adjustments and deletions (pump activity) can only be made after they are reviewed and approved by a supervisor.
2. Create the ability to generate a report that identifies all adjusted and deleted fuel transactions.

Status: 1.6.2 – Partially Implemented. Information Technology (IT) staff were able to develop a report that identifies all adjusted and deleted fuel transactions. However, IT is still working with Public Works staff to generate more refined, automated reports. Final automated reporting will be in by October 2012.

Finding 4: Retention of Slightly Used and Reusable Parts from Disposed Equipment Is Not Documented

Recommendation 4 (for Public Works): Maintain records that document the removal, storage, and reuse of slightly used tires and other parts from vehicles and large equipment prior to their disposition.

Status: Partially Implemented. A tire inventory was compiled and reconciled for a three month period. During that period of tracking no significant changes were noted, all tires were accounted for; however, due to other demands for available resources, personnel were reassigned, and no replacement was available to continue the reconciliation. At this time, an alternative is underway to outsource the parts operation, including tires. A selection will be made by piggy backing on a National Joint Powers Alliance (NJPA) contract, and a vendor is expected to be in place during fiscal year 2013.

Finding 5: Monitoring of Equipment Fuel Usage Can Be Improved

Recommendation 5.2 (for Public Works): Develop written procedures for: 1) monitoring vehicle miles-per-gallon, 2) researching questionable miles-per-gallon, and 3) documenting results.

Status: Implemented. Information Technology wrote a program (for Public Works staff to generate a report that identifies all vehicles in the City fleet and compares actual versus expected miles-per-gallon for each vehicle), and Public Works completed the written procedures in July 2012.

Finding 6: Staff Unfamiliar With Gasboy Reports

Recommendation 6.1: Consider providing staff that manage and monitor fuel operations at the Transfer Station and Corporation Yard refueling stations with training on how to run and properly utilize demand reports from the Gasboy system and other fuel monitoring systems.

Status: Implemented. Gasboy system training has been conducted on 2 different occasions for both Corporation Yard and Transfer Station staff.

BACKGROUND

The City operates fueling locations for City vehicles at both the Transfer Station and the Corporation Yard. The Transfer Station has two 10,000 gallon tanks of diesel fuel to supply the refuse collection fleet, long haul trucks, and Transfer Station operations; as well as BUSD, Ecology Center, and Buyback operations. The Corp Yard has two fuel tanks: 10,000 gallons of unleaded gasoline and 10,000 gallons of diesel fuel; and is the main fueling location for most City vehicles. In addition to these locations, the City also has an approximately 500-gallon fuel tank located at each of the 7 Fire Stations, which are primarily used for refueling of fire apparatus and fuel for backup generators.

POSSIBLE FUTURE ACTION

Public Works has initiated a process to outsource the parts operation for Equipment Maintenance, and a selection will be made by piggy backing on a National Joint Powers Alliance (NJPA) contract, with a vendor expected to be in place in fiscal year 2013. In addition, further training will be provided to staff, and procedures completed.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Unknown until further steps are in place.

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