



Office of the City Manager

INFORMATION CALENDAR

March 19, 2013

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, and the last status report was in [October 2012](#).³ This report provides the status on the 2 recommendations that were outstanding. Another report will be submitted to Council by October 29, 2013 on the single outstanding recommendation.

CURRENT SITUATION AND ITS EFFECTS

The following recommendations remain partially implemented since the audit status report in October 2012.

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

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

³ Status report: City Fuel Operations Need Improvement, October 2012: www.cityofberkeley.info/Clerk/City_Council/2012/10Oct/City_Council_10-16-2012_-_Regular_Meeting_Annotated_Agenda.aspx

Recommendation 1.6 for Public Works and Information Technology:**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: 1.6.1 Implemented. *The original Audit Report stated that Information Technology determined it is not cost effective to implement this part of the recommendation.*

Status: 1.6.2 Implemented. Information Technology (IT) staff developed a report that identifies all adjusted and deleted fuel transactions for PW staff to review.

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. As previously reported, a tire inventory was compiled and reconciled for a 3 month period. During that time no significant changes were noted, and 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.

An alternative is in process to outsource the parts operation, including tires. A vendor will be selected by piggy backing on a National Joint Powers Alliance (NJPA) contract, and is expected to be in place in FY 2014. The outside vendor will serve onsite for the procurement and distribution of auto parts for Equipment Maintenance.

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 by fiscal year 2014.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Unknown until further steps are in place.

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