

MEMORANDUM OF TRANSMITTAL



To: F.J. Flynn, Chief Administrative Officer
Michelle McCrimmon, Chief Financial Officer

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Date: March 12, 2025

Subject: Follow-up Review of Solid Waste Vehicle Management (Report No. 25-02)

Attached is a summary of the status of recommendations as determined from our follow-up review of Solid Waste Vehicle Management (Report No. 24-01), issued February 7, 2024.

This review consisted of inquiries of City personnel. It is substantially less in scope than an audit. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters may have come to our attention that would have been reported to you and our conclusions may have needed to be modified.

The recommendations contained in the original report are shown as being implemented, partially implemented, planned for implementation and not implemented. Overall, while several actions have been taken to address the areas of concern raised in our report, there are still several opportunities for further enhancements to improve the operation and maintenance of the Solid Waste fleet. These include: the finalization of service level agreements, continued enhancement of driver workloads, and system upgrades.

We would like to thank the management of the Public Works Department and the Office of Business and Financial Services for their cooperation during this follow-up review.

GJM

Attachment

C: The Honorable Buddy Dyer, Mayor
Jody Litchford, Deputy City Attorney
Corey Knight, Public Works Director
Jeffrey Alan Morrison, Solid Waste Division Manager
Jonathan D. Ford, Fleet Management Division Manager
Marjorie Briones, Public Works Optimization & Systems Division Manager

Solid Waste Vehicle Management Reply and Implementation Summary

#	Recommendations		Partially Concur	Do Not Concur	Original Management Action Plan	Original Target Date	Implementation Status	
							Current Status	Comments
1	<p>Solid Waste Division management should continue efforts to manage route length and distribute workloads equitably among employees. Management should focus on:</p> <ul style="list-style-type: none">• Limiting shifts to no more than 10 hours• Actively managing routes based on daily conditions• Mandating breaks or rest time for Drivers between shifts	✓			<p>The Solid Waste Division has modified their route structure to limit shifts to 10 to 12 hours. At full implementation, shifts will be no more than 10 hours.</p>	2/28/2024	Partially Implemented	<p>Solid Waste Response: This is a continuing process, however since this study began, we have added 3 additional Frontload commercial routes and plan to add 2 more during the summer of 2025. This will get the routes down to the 10-12 hours goal.</p>
2	<p>We recommend the Solid Waste Division management coordinate with the Fleet Management Division management to develop or enhance existing provisions for:</p> <ul style="list-style-type: none">• Comprehensive solid waste collection vehicle inspection checklists.• Training for Drivers on the inspection process with examples of failing vehicle systems and periodically providing refresher sessions to Drivers.• Process for Drivers, Supervisors, and Heavy Equipment Technicians to complete and review pre-trip and post-trip inspections as a team.• Reporting process to ensure identified issues are prioritized and addressed timely.	✓			<p>The Solid Waste Division in coordination with the Fleet Management Division will implement a vehicle inspection lane post trip where all necessary inspections are done on every vehicle at the end of every route date.</p>	9/30/2024	Implemented	<p>Fleet Response: Fleet/Solid Waste collectively have developed checklist to identify vehicle/equipment concerns which mirror Fleet's Work Order system for ease of entries. Additionally, driver training has been conducted on newly procured units to ensure trucks are properly inspected and problems are effectively reported to Fleet in a timely manner. Lastly, Solid Waste has implemented an inspection lane which enables operators to conduct supervised pre/post trips following daily route completions. Malfunctions identified following inspections are then reported to Fleet for necessary repairs. Solid Waste Response: We opened our Post Trip Inspection Lane and with the assistance of Fleet we are making noticeable improvements with catching repairs sooner as well as preventive maintenance.</p>

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3	<p>Fleet Management Division and Solid Waste Division management should coordinate to begin identifying optimal fleet size. This will be an iterative process that develops over time and requires periodic adjustment in response to changing conditions. As part of this process:</p> <ul style="list-style-type: none">• Utilization data should be used to identify under-utilized vehicles. Maintenance and repair data can be used to quantify the costs of operating vehicles. <p>This information can be used to consolidate the fleet and achieve cost savings and operational efficiency.</p> <ul style="list-style-type: none">• Procedures for vehicle utilization developed or enhanced to ensure vehicles are rotated regularly to balance wear and tear and provide scheduled downtime for more involved maintenance procedures.	✓			<p>Public Works Department: This plan implementation is scheduled following the delivery of new fleet assets previously ordered in FY 2023. Both Solid Waste and Fleet Management Divisions are coordinating the best plan based on current and new assets.</p> <p>Fleet Management Division: Fleet Management reviews the estimated cost of repairs needed in relation to the age, mileage, and overall maintenance cost as a measurable action towards rightsizing and vehicle life cycles. Fleet Management and Solid Waste Division Managers will continue to collaborate on these efforts.</p>	6/30/2024	Partially Implemented	<p>Solid Waste Response: Solid Waste is and will continue meeting and consulting with Fleet as to the timeliness of Solid Waste Fleet additions and replacement equipment. This is an ongoing process and is determined by our annual estimated growth to ensure that our service to our customers does not fail.</p>

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4	<p>Fleet Management Division management should enhance the process to prioritize on-time completion of preventive maintenance procedures.</p> <p>Fleet Management Division and Solid Waste Division management should coordinate their efforts to:</p> <ul style="list-style-type: none">• Analyze maintenance and repair costs to for trends, types of repairs, and to identify parts or mechanical systems frequently failing as this may be an indication that the City should do more Driver training, Technician training, or make operational changes to the solid waste collection process.• Analyze maintenance and repair costs and compare with vehicle acquisition cost, replacement cost, and strategic plans to actively manage the fleet.	✓			<p>Fleet Management Division will continue to work with the Solid Waste Division to strategically schedule necessary repairs to include preventive maintenance. Currently, preventive maintenance services are most often completed in conjunction of demand repairs due to the limited number of units permissible to be out of service at one time . Fleet has analyzed the most common failures and doubled parts inventory levels as an added measure to streamline the repair process. Fleet continuously reviews the estimated cost of repairs needed in relation to the age, mileage, and overall maintenance cost as a measurable action towards rightsizing and vehicle lifecycles.</p>	6/30/2024	Partially Implemented	<p>Fleet Response: Preventative Maintenance and repairs continue to be routinely analyzed as well as cost associated with new acquisitions. Preventative Maintenance service intervals has been increased as well as adding commonly failed system inspections specific to the hydraulically driven components. Fleet acquired the 17 new trucks and currently have an additional 5 on order, which are expected to be delivered in the 4th quarter of 2025. Additionally, Fleet/Solid Waste have coordinated the successful rebuild of an existing unit which will be followed by 2 additional units. Solid Waste Response: Fleet has been great with communicating reoccurring repairing and sharing of information for Solid Waste to coach our drivers into ways of preventing issues.</p>

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5	<p>Fleet Management Division should</p> <ul style="list-style-type: none">• Work with the Human Resources Department to develop recruiting strategies, including competitive total compensation, for Heavy Equipment Technicians.• Assess in-house expertise and capacity to perform more repairs and reduce reliance on contractors.	✓			<p>Fleet Management Division has contacted the Human Resources Department to redefine recruiting strategies as well as staffing levels. A formal request was submitted to reclassify the compensation structure for Heavy Equipment Technicians to increase the level of experience, quantity and quality of new/existing candidates; that request was denied. Fleet submitted an additional request to increase staff positions and was approved four additional Heavy Equipment Technician positions and one additional Service Writer position. Additionally, we are finalizing job descriptions for two Heavy Equipment Shop Foreman's/Trainers.</p>	6/30/2024	Partially Implemented	<p>Fleet Response: Fleet has conducted internal studies as well as sourced external services which resulted in similar findings regarding under paid wages for Heavy Equipment Technicians. HR has also conducted an external JAT study which identified/forced reclasses for specific occupations within the city; however; Heavy Equipment Technician were not selected for reclassification. Fleet has consistently partnered with HR on "out of the box "recruitment/retention strategies with similar results as previously identified in this report. The effort to acquire in-house expertise and capacity to reduce the need for contractor has been exhausted and continues to be ongoing to date.</p>

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6	Solid Waste Division and Fleet Management Division should coordinate to optimize routes and align vehicle downtime with Heavy Equipment Technician availability to facilitate timely servicing of solid waste collection vehicles.	✓			Fleet Management Division is actively engaged with Solid Waste to optimizing routes, truck availability, and repair processes via the inspection lane. The inspection lane will require complete collaboration with Solid Waste drivers, supervisors, and Fleet personnel relative to accurately completing, reporting, and scheduling the results of daily pre/post trip inspections. Fleet will remain engaged and work directly with the Solid Waste to optimize routes related to vehicle downtime. Ultimately, the Solid Waste is the primary on route schedules and other direct services provided directly to the community.	6/30/2024	Partially Implemented	Fleet Response: Route optimization continues to be ongoing with the efforts of both divisions as discussed in monthly meetings between key members of leadership. Solid Waste Response: With the implementation of the Post Trip Inspection Lane and our afternoon Solid Waste Service Writer, communication has greatly improved and working directly with Fleet we will be continuing to improve on the processes and procedures that we currently have in place.

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7	The Fleet Management Division should evaluate the cost/benefit of creating dedicated Road Mechanic positions to increase the timely response to solid waste collection vehicle breakdowns.	✓			Fleet Management Division respectfully accepts this recommendation and initiated the process of acquiring an additional maintenance truck specifically designed to provide services in the field. As noted above, Fleet Management Division/Human Resources Department have increased the number of technician positions. The positions have been advertised and interviews are currently in process to fulfill this recommendation.	6/30/2024	Partially Implemented	Fleet Response: Fleet Management has acquire a road service truck as well as a strategic working plan to provide road services. However, Fleet continues to struggle with recruitment for Heavy Tech positions. Offsite repairs will continue to be supported from city employees and augmented by contracted vendors until more Heavy Techs can be recruited.

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8	The Fleet Management Division should prioritize migration to the new system and coordinate with the Solid Waste Division management to provide more reporting access to vehicle utilization and maintenance data.	✓			Public Works Department: Solid Waste has previously requested access and is available and eager to work with the Fleet Division on a solution. Fleet Management Division: Fleet is in agreement with this recommendation and has initiated the process to acquire/implement a new Fleet Management Software with the Information Technology Department. The new software will not only provide benefits of operational data review for the Solid Waste Division, but it will also be beneficial to other departments throughout the City that the Fleet Management Division provides with internal services.	6/1/2025	Planned for Implementation	Fleet Response: Planning meetings with IT have be conducted and continue. Currently, the Scope of Work is being reviewed by all parties involved in the planning meetings.

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9	<p>Fleet Management Division Manager should:</p> <ul style="list-style-type: none">• Continue to refine and improve the draft SLA in coordination with the Solid Waste Division Manager. Additional useful provisions would include a mechanism to address performance standards not met by either Division.• Execute the SLA with the Public Works Department and Solid Waste Division management.• Identify the SLA owners of the day-to-day execution and operation of the SLA – we recommend the Solid Waste Division Manager and the Fleet Management Division Manager.	✓			<p>Public Works Department: Solid Waste has presented the Fleet Management Division with a draft version and is currently awaiting comments. The Solid Waste Division is ready to move forward with a SLA for the benefit of both Divisions.</p> <p>Fleet Management Division: Fleet Management and Solid Waste Divisions are engaged in revising the current draft and finalizing the proposed SLA. Previous versions of the draft will need to be updated with current operational functions and agreements for both divisions. Fleet and Solid Waste Managers are actively engaged in necessary updates.</p>	1/1/2025	Partially Implemented	<p>Fleet Response: Fleet and Solid Waste continue to discuss necessary revisions to the SLA as operational functions have changed significantly for both divisions.</p>
10	<p>Public Works management should analyze long-term trends and forward-looking efforts at cost management over time to determine if commercial and residential user fees are sufficient to fund the Solid Waste Division operations. Additionally, refer to Observations #1 through #5 which have recommendations supporting cost control at the Solid Waste Division.</p>	✓			<p>A rate study is currently on-going to determine our rates, operational costs and revenue needs (FY 2024). The Solid Waste Division anticipates rate adjustment implementation in FY 2025. As part of the study scope of work, an analysis of long-term costs and revenue trends is being undertaken.</p>	9/30/2025	Implemented	<p>Solid Waste Response: Solid Waste Rate Study should be available the 3rd quarter of FY25.</p>

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11	<p>City Administration, Public Works Department management, Solid Waste Division management, and Fleet Management Division management should coordinate to investigate:</p> <ul style="list-style-type: none">• Contracted haulers to provide additional solid waste collection capacity.• Creating Heavy Equipment Technician positions within the Solid Waste Division or contracting directly for solid waste collection vehicle repair and maintenance services. <p>Their consideration of these approaches should include an overall cost benefit analysis including but not limited to: flexibility and scalability of resources, cost efficiency, access to expertise, and risk mitigation or exposure.</p>	✓		✓	<p>Public Works Division: The Solid Waste Division will continue to monitor the need for private haulers once the route adjustments take place and adequate vehicle supply issues are addressed. Fleet Management Division: Fleet is NOT in agreement with the recommendation of embedding technicians within Solid Waste due to total cost to perform maintenance, the lack of consistency relative to tracking repairs (safety), providing internal supervision as well as the complexity to implement necessary quality control measures needed to support the Division. However, Fleet Management Division will continue to discuss the noted concerns.</p>		Not Implemented	<p>Fleet Response: Fleet remains opposed to the recommendation of embedding or contracting Techs within Solid Waste due to limited resources and equipment necessary to maintain these complex vehicles. Additionally, it is likely recruitment efforts would suffer even more so considering the number of vacancies for Heavy Techs. Solid Waste Response: Public Works will be considering/reviewing these options with our FY26 budget process.</p>