



NEWS FROM

CITY CONTROLLER LAURA CHICK

City Hall East, Room 300, 200 N. Main St., Los Angeles, CA 90012

FOR IMMEDIATE RELEASE
Thursday, January 22, 2009

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CHICK CITES CITY ON VEHICLES

\$10 Million Spent Annually On Take-Home Cars **Controller Calls For Cancellation Of Gas Credit Cards**

Los Angeles – Calling it, “A stunning testament as to how the City does business in an un-businesslike way,” City Controller Laura Chick released two audits spotlighting many problems with the City’s lax management of fleet and take-home vehicles.

“What is crystal clear is that no one is minding the store. First, we need to ask and answer why each and every take-home and pool-vehicle is needed. Secondly, we need to do a much better job in being vigilant to guarantee these cars are being used for the purposes they are intended,” said Chick.

In releasing the two audits, Chick called for a four point plan of immediate action.

“What I am calling for today is immediate action on four common sense points that can easily be enacted:

1. Cancel the credit cards. If employees need to buy gas in an emergency, they can submit their receipt for reimbursement.

“My message to City employees is to leave home without it,” said Chick in a play on words of the famous American Express card slogan.

2. If City employees can't produce proof that they have the required insurance, then take the car away. If not, then re-visit the insurance requirements and liability risks to see what makes sense.
3. Do a cost-benefit analysis of take-home cars vs. pool-cars vs. mileage reimbursement (using existing consultant dollars in the office of the City Administrative Office).
4. Set clearly-defined criteria as to why a vehicle is assigned to a department and/or an individual

Points uncovered in the audits:

Take Home Cars

- The City spends \$10 million a year on purchasing and maintaining unmarked, take-home cars for elected officials, their staff, general managers, and about 900 LAFD and higher ranking LAPD.
- Numerous employees in the LAPD and LAFD have been assigned take-home cars, which may be unjustified; some employees have take-home cars based solely on their position.
- The number of take-home cars in the LAPD has increased by 40% in the last five years to 786 vehicles. In the last month, the LAPD has begun to call back approximately 130 cars.
- The type of insurance policy required for employees with take-home vehicles is inadequate and costly. Most employees are unaware of the requirement and do not possess the coverage. Unmonitored, this results in increased risk and liability for the City and for the employee who drives the car.

- There is confusion as to the City's rules on whether a City employee, when en route to work or home, can run an errand or take a passenger. Again, this causes increased liability for the City and the employee.
- There are 48 City vehicles for use as loaners when cars are being serviced, repaired, washed or detailed. Twenty-eight of those vehicles are unneeded.

Fleet Vehicles and Fuel Usage

- No one is monitoring the use of the City's fleet vehicles to ensure that they are being used only for City business.
- Gas credit cards issued to elected officials, staff and general managers have a \$1,500 per month line of credit (in case of emergency). There is no way to determine if these cards are used only for City cars.
- Until approximately the time that our audit began, the City did not monitor usage of cards to fill-up five gallon gas cans. Since that time, there has been a 41% drop in usage.
- The City does not have sound standards to determine how many vehicles are really needed. The City's answer to this question is to buy more cars.
- Since April 2008, the City's former car auctioneer has owed the City \$2.1 million. The City continued to use this auctioneer even after he stopped reimbursing the City. The City Attorney is now preparing a letter to collect the monies owed.
- General Services does not issue reports on either mileage or fuel usage, despite spending millions on a system that it has had since 1999. It is impossible for Departments to fully monitor vehicle use without this information.
- While we have found, very conservatively, an excess of 30 cars and vans in the central motor pool, there is a budget allocation to buy new vehicles.

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