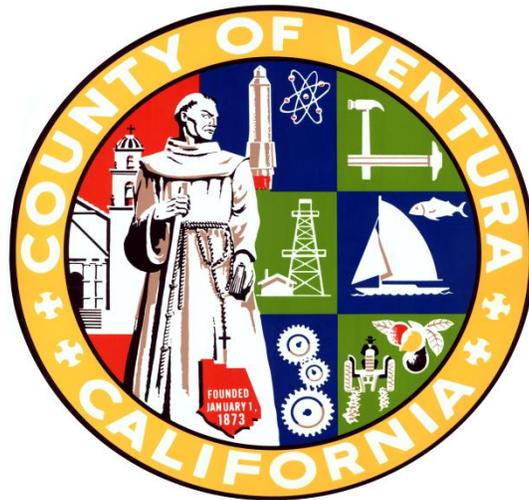


Ventura County Grand Jury 2012 - 2013



Final Report Fueling Responsibly in Ventura County June 27, 2013

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Fueling Responsibly in Ventura County

Summary

The 2012-2013 Ventura County Grand Jury (Grand Jury) inquired into policies and procedures for purchasing and safeguarding fuel supplies for municipal vehicles in Ventura County. An investigation was initiated that includes the City of Oxnard (Oxnard), the City of Simi Valley (Simi), the City of Thousand Oaks (Thousand Oaks), the City of Ventura (Ventura) and the County of Ventura (County).

Except for Oxnard, which closed its tanks more than three years ago, the municipalities have their own fuel tanks. Purchasing fuel and storing it in tanks saves about \$.60, about \$.22 after taxes, per gallon versus buying it at retail prices. All of these municipalities utilize unleaded and diesel fuel. Several of them also use liquefied natural gas, electricity and other fuels.

Simi, Thousand Oaks, Ventura and the County use commercial software to monitor, control and administer fuel usage within their respective municipalities. The software is used to limit the amount of fuel dispensed to any vehicle to no more than the fuel tank capacity. It also provides details of each fueling and calculates the miles per gallon (mpg) for every vehicle. These municipalities are using practices that best administer their fuel dispensing programs (Best Practices). [Ref-03-06]

Oxnard receives reports from its fuel contractor, Shell Oil (Shell), that provide incomplete information and is not analyzed by Oxnard staff. These reports are incomplete because Oxnard did not provide vehicle fuel tank capacities nor request specific information, such as mpg. [Ref-07]

The Grand Jury recommends that Oxnard implement Best Practices to safeguard and monitor usage of fuel for efficiency. This should include interaction with Simi, Thousand Oaks, Ventura and the County, who meet periodically to share information regarding Best Practices for cost savings, security, efficiency and theft prevention.

Background

Municipalities have a responsibility to spend wisely, especially during times of financial difficulty. Vehicle fuel costs more than \$4.00 per gallon for both unleaded and diesel. There is little public information regarding how municipalities in Ventura County safeguard and administer fuel. There were no allegations of fuel-related fraud in Ventura County. News stories about missing and stolen fuel from the City of Los Angeles (LA) reveal that the LA City Controller found that LA failed to account for about \$7 million worth of fuel. Related news revealed arrests of LA employees for stolen fuel. [Ref-01-02]

The cities of Oxnard, Simi, Thousand Oaks, Ventura and County of Ventura all budget for fuel each year. The residents of these municipalities deserve to have Best Practices applied to administering their fuel programs.

Methodology

The Grand Jury interviewed managers and staff of Oxnard, Simi, Thousand Oaks, Ventura, and the County. They also researched newspapers, Internet sites, city reports and visually inspected fuel storage and dispensing facilities.

Facts

- FA-01.** Simi, Thousand Oaks, Ventura and the County use commercial software programs to control and monitor fuel dispensing. The software allows for the size of each particular vehicle's fuel tank, type of fuel and other restrictions for individual vehicles. Each vehicle is assigned a gas fob (see glossary) which provides access to the fuel with restrictions programmed for that vehicle. These municipalities are in communication with each other regarding Best Practices for controlling and administering fuel programs. [Ref-03-06]
- FA-02.** The commercial software programs allow for reports that the municipalities use to keep track of vehicle fuel mileage in mpg, total miles, details of each fueling, fuel type, gallons and additional information for each vehicle, as requested. [Ref-03-07]
- FA-03.** Software program reports are used for many purposes such as cost control, vehicle efficiency and safeguarding against theft or fraud. The use of these reports is regarded as Best Practices. As an example, a significant decrease in mpg gets flagged for review to see if the vehicle needs maintenance or another problem, such as fraud, needs to be investigated. [Ref-03-07]
- FA-04.** Simi, Thousand Oaks, Ventura and the County each have several large fuel storage tanks that hold ten to twenty thousand gallons of unleaded or diesel fuel. These municipalities purchase fuel in bulk and pay lower rates. The fuel tanks also provide fuel to these municipalities during temporary shortages.
- FA-05.** Simi, Thousand Oaks, Ventura and the County use surveillance cameras at their fueling sites.
- FA-06.** Simi, Thousand Oaks, Ventura and the County each pay fuel-related taxes. These include: \$.36 State excise, \$.0018 Federal oil spill, \$.00145 AB 32 (hazardous waste disposal) fee, \$.001 Federal excise tax, and \$.0225 Ventura County sales tax.

- FA-07.** The County General Services Administration (GSA) charges a fee of \$.21 per gallon to those county agencies that use fuel dispensed at the county facilities. The GSA uses this fee to collect all costs for administering the fueling process. The cost savings to the County is about \$.13 per gallon.
- FA-08.** Thousand Oaks and Ventura charge for the cost of operating and administering their fuel systems. Simi does not charge anything directly to its municipal customers for administering fuel. Thousand Oaks charges \$.15 per gallon and Ventura charges \$.05 per gallon.
- FA-09.** There are different administrative policies and accounting procedures used by each of the municipalities associated with allocating administrative costs. This made comparing cost savings impractical.
- FA-10.** Oxnard currently has a contract with Shell and saves about \$.06 per gallon. Oxnard uses Shell’s reports to monitor fuel use, miles driven and fuel purchase history. The initial information provided by Oxnard to Shell, about each vehicle, was incomplete. Additional information and instructions are being provided to Shell after Oxnard brings vehicles in for maintenance. This information restricts the number of gallons dispensed to the volume of each vehicle’s individual fuel tank. [Ref-07]
- FA-11.** The reports from Shell to Oxnard do not calculate mpg, although the information is available. There is no one at Oxnard Fleet Services available or assigned to review the reports. [Ref-07]
- FA-12.** A review by the Grand Jury of the Shell reports for Oxnard revealed that two Toyota Prius vehicles were getting about 25 mpg. The other fleet Prius vehicles were getting about 50 mpg. Oxnard administrators advised that the two vehicles that were getting the lower mpg are used for traffic enforcement (parking tickets). They may be involved in continual start and stop operation according to Oxnard administration. Simi has a similar report with two Prius vehicles getting about 20 mpg. [Ref-07]
- FA-13.** Oxnard is evaluating the option of obtaining fuel tanks as a cost-saving measure.

Findings

- FI-01.** The Grand Jury found that Simi, Thousand Oaks, Ventura and the County use Best Practices when dispensing fuel to municipal vehicles. These municipalities periodically meet and share information regarding efficient administration of fuel operations. (FA-01-05)
- FI-02.** Simi, Thousand Oaks, Ventura and the County use commercial software to monitor fuel consumption, frequency of fueling, the amount of fuel dispensed and the mpg for each vehicle that requires fuel. This allows for tracking vehicle efficiency and monitoring for waste or theft of fuel. (FA-01-03)

- FI-03.** Simi, Thousand Oaks, Ventura and the County use surveillance cameras in conjunction with monitoring fuel mileage to spot and prevent the theft of fuel. (FA-05)
- FI-04.** Simi, Thousand Oaks, Ventura and the County save money by purchasing fuel in bulk, at reduced rates, store it and dispense it as needed. (FA-04)
- FI-05.** Oxnard does not follow Best Practices relative to the limited administration and monitoring of their fuel program, including minimal implementation and use of Shell report capabilities. (FA-10-13)
- FI-06.** Oxnard saves about \$.06 per gallon with their contract with Shell. (FA-10)
- FI-07.** Oxnard does not have tanks to store fuel for cost saving or as a means to have fuel available during shortages. (FA-04, 12-13)
- FI-08.** Oxnard and Simi have high-efficiency vehicles that are not attaining high mileage. (FA-12)

Recommendations

- R-01.** The Grand Jury recommends that Oxnard implement policies that incorporate Best Practices to manage, safeguard and monitor efficient fuel usage. (FI-05-08)
- R-02.** The Grand Jury recommends that Oxnard, Simi, Thousand Oaks, Ventura and the County meet periodically to share information regarding Best Practices, including cost savings, security, efficiency and theft prevention. (FI-01)
- R-03.** The Grand Jury recommends that Simi, Thousand Oaks, Ventura and the County continue to follow and improve Best Practices as they administer, safeguard and monitor efficient fuel usage within their respective municipalities. (FI-01-04)
- R-04.** The Grand Jury recommends that Oxnard, Simi, Thousand Oaks, Ventura and the County review their respective vehicles for instances of underperforming vehicle mileage. Then they should consider reassigning the vehicles to more efficient usage. (FI-07-08)

Responses

Responses Required From:

Mayor, City of Oxnard
(FI-01, FI-02, FI-03, FI-04, FI-05, FI-06, FI-07) (R-01, R-02, R-04)

Mayor, City of Simi Valley
(FI-01, FI-02, FI-03, FI-04) (R-02, R-03, R-04)

City Council, City of Thousand Oaks
(FI-01, FI-02, FI-03, FI-04) (R-02, R-03, R-04)

City Council, City of Ventura
(FI-01, FI-02, FI-03, FI-04) (R-02, R-03, R-04)

County of Ventura, Board of Supervisors
(FI-01, FI-02, FI-03, FI-04) (R-02, R-03, R-04)

References

- Ref-01.** Blankstein, Andrew and Linthicum, Kate. "LA gardener arrested on suspicion of selling city-owned gas." Los Angeles Times. March 18, 2013.
- Ref-02.** Linthicum, Kate. "LA can't explain \$7 million in fuel bills." Los Angeles Times. March 29, 2012.
<http://article.latimes.com/2012/mar/29/local/la-me-0329-missing-fuel-2012329>
- Ref-03.** City of Ventura. "Fuel Department Summary, Fuel Transactions from 1/1/2012 and 12/31/2012, Meter Source: Equipment Meter History, Meter 1." December 31, 2012.
- Ref-04.** City of Simi Valley. "Fuel Transactions from 11/30/2012 and 12/31/2012, All Equipment Selected, Meter Source: Equipment Meter History, Meter 1." December 31, 2012.
- Ref-05.** City of Thousand Oaks. "Fuel Transaction-Detail Report Sorted By Fuel Type." January 10, 2013.
- Ref-06.** County of Ventura. "General Services Agency, Fleet Services Department, Fiscal Year 2011-2012 For Fiscal Year Ending June 30, 2012." April 3, 2013.
- Ref-07.** City of Oxnard. "Mileage & Gallons Used per Equipment, Period 1/1/12-1/1/13." February 3, 2013.

Glossary

TERM

DEFINITION

Best Practices

Methods or techniques found to be the most effective and prudent in achieving an objective - industry standard or benchmark

County

County of Ventura Administration

Gas fob

A device used to transmit unique information about a particular vehicle during fueling operations