



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 10/15/2024

ITEM NO: 11

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DATE: October 10, 2024  
TO: Mayor and Town Council  
FROM: Katy Nomura, Interim Town Manager  
SUBJECT: Consider the Following Related to the Town's Fleet and Equipment:  
a. Receive a Report Entitled "Town of Los Gatos Fleet Management Analysis"; and  
b. Adopt a Resolution to Modify Town Council Policy 4-05 "Town Vehicle and Equipment Acquisition and Replacement Policy"

**RECOMMENDATION:**

Consider the following related to the Town's Fleet and Equipment:

- a. Receive a report entitled "Town of Los Gatos Fleet Management Analysis" (Attachment 1); and
- b. Adopt a resolution to modify Town Council Policy 4-05 "Town Vehicle and Equipment Acquisition and Replacement Policy" (Attachment 3).

**BACKGROUND:**

The Town of Los Gatos Fleet is operated by the Department of Parks and Public Works. The operation supports the purchase, fit-up, maintenance and management of 122 Town owned vehicles and pieces of equipment. Parks and Public Works conducted a detailed assessment of the Fleet operation through the spring of 2024 (Attachment 1). The estimated replacement value of the vehicle and fleet assets is approximately \$7.9 million as of Fiscal Year 2023/2024.

The assessment included an evaluation of all vehicle and equipment assets owned by the Town; reconciliation and verification of the assets that are on the Town's equipment replacement list versus the asset management system; an assessment of funding for vehicle replacement; an assessment of staffing levels for the fleet operation; and consideration of the State of California's Zero Emission Vehicle requirements that have been placed on municipal fleets.

**PREPARED BY:** Nicolle Burnham  
Parks and Public Works Director

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Reviewed by: Interim Town Manager, Town Attorney, Chief of Police, and Finance Director

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SUBJECT: Receive a Report on Fleet Operations and Adopt a Resolution to Amend Town Council Policy 4-05

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DISCUSSION:

Three recommendations were made from the report: 1) Update the vehicle and equipment acquisition and replacement policy; 2) Comply with the State of California Clean Air Board regulations regarding Zero Emission Vehicles; and 3) evaluate staffing levels for mechanics and the fleet operation.

Update Town Council Policy 4-05

Town Council Policy 4-05 addresses the requirements and standards associated with how the Town's fleet is managed for all Departments. This policy has not been modified since 1998. Modifications are proposed to this Policy (Attachment 2 - Redline Policy and Attachment 3 – Resolution with Exhibit A - Updated Policy) to address the following:

1. Type of Assets on Replacement Schedule: The current policy includes an unnecessarily long list of specific assets when they could be grouped more effectively. The proposed changes streamline the list of assets and their respective replacement schedules to reflect more closely the Town's actual needs.
2. Life of Assets: Vehicle technology and manufacturing have changed since 1998, and staff recognizes that vehicles can serve a longer life than in the past. Staff has proposed changes that extend the life of vehicles before replacement is considered. Six years is proposed because that is when most vehicles are removed from warranty and the Town would need to start paying more for repairs. Police patrol vehicle life is increased from three years to five years with this proposed change. Police vehicles are proposed for faster replacement as a reflection of the extensive wear and tear these vehicles experience. Mileage limits were not changed because most Town vehicles do not have high mileage. It is also important to note that age and mileage provide a benchmark at which replacement would be considered but are not the primary considerations of whether an asset is replaced. Actual replacement recommendations are made based on the performance of the asset, its use, maintenance costs, available funding, etc.
3. Hybrids and Zero Emissions Vehicles: The current Policy is silent on the issue of hybrid and zero emission vehicles. Staff highly recommends that the Town consider converting to lower emission vehicles for all vehicle uses and classes whenever possible and the revised policy includes added language to reflect this. The State of California has mandated that all municipal fleets meet certain milestones regarding Zero Emission Vehicles. While this does not apply to all vehicles the Town owns, a stated preference for all Town vehicles to generate lower emission demonstrates the Town's commitment to reducing greenhouse gas emissions overall.

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4. Addition of Equipment and Vehicles: In general, vehicles and equipment are replaced on a one for one basis, with the older asset being sold at auction after the new one is in service. On occasion, new assets are secured through donation or grant. At present there is no policy that defines whether these assets are added to the Town's replacement list. With this update, staff proposes to clarify that any new asset that is intended to be added to the equipment replacement list must be approved by Town Council so the long-term capital, material costs, and maintenance related staffing costs of the vehicle can be considered before the item is added. In addition, this update clarifies that assets procured through grant or donation will be maintained by the Town but will not be added to the replacement list unless directed by Council. The intent is to manage the number and costs of assets, preventing unintended increases to the asset inventory.

#### Compliance with California Advanced Clean Fleet Regulations

The State of California Clean Fleet Regulations is an unfunded mandate that requires medium and heavy-duty vehicles to be replaced with zero emission vehicles (ZEV) starting in 2024. The regulation does not require that all vehicles be replaced, but it does require that as new vehicles are purchased, they meet ZEV requirements. Parks and Public Works staff is working diligently to identify paths to compliance with this complex regulation with resources we have available.

Conversion to ZEVs is requiring extra time and attention from the Supervising Mechanic. Specifically, researching available vehicle options that meet the Town's performance needs is a considerable effort. Converting to ZEVs may also require operational changes. For example, during a public works emergency such as winter storms or a potential earthquake, vehicles may be required for 24-hour use. ZEVs won't be able to meet that usage standard so staff may need to consider adding a small number of new medium and heavy-duty vehicles to have in reserve so they can be rotated during an emergency.

Staff is currently working with Pacific Gas and Electric (PG&E) and Silicon Valley Clean Energy to assess the costs associated with installing the charging infrastructure required to operate these vehicles. Costs associated with this will be discussed in the context of other capital needs during development of the Capital Improvement Program.

#### Evaluate Staffing Levels of Fleet Operations

Parks and Public Works (PPW) maintains all vehicles and equipment for all Town Departments, with PPW and the Los Gatos-Monte Sereno Police Department (LGMSPD) being the largest users of Town Fleet assets. The evaluation in Attachment 1 discusses in detail this program and associated staffing, along with benchmarking against industry standards and nearby

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communities. This benchmarking is presented below in Table 1. Based on this work, it appears the Town of Los Gatos Fleet program is understaffed when compared to other jurisdictions.

**Table 1. Comparison of Asset to Staff Ratios**

Jurisdiction	All Assets	Staffing Model	Asset to Staff Ratio
Los Gatos	122	1.5	81:1
Campbell	80	2	40:1
Pacifica	117	2	59:1
Napa <sup>1</sup>	400	3	133:1
Hayward	450	8	56:1
Mountain View	582	9.5	61:1

Notes:

1. Napa reported that a consultant study recommended they should have five mechanics, one supervisor and two administrative personnel to meet the demand of 400 assets. This would provide a ratio of 50:1.

Based on the results of the staffing analysis, staff reviewed past staffing in the fleet program as shown in Table 2. The number of vehicle and equipment assets owned by the Town has been relatively stable over this period, ranging from 128 to 145.

**Table 2. Staffing History of Fleet Program (Years when Staffing Changes Occurred)**

Fiscal Year	Staffing Summary (in FTE)
2008/2009	2.0 Equipment Mechanic; 0.2 Public Works Specialist
2009/2010	1.0 Equipment Mechanic; 0.2 Administrative Secretary; 1.0 Apprentice Mechanic
2010/2011	1.0 Equipment Mechanic; 0.2 Administrative Secretary
2023/2024	1.0 Equipment Mechanic; 0.2 Administrative Assistant; 960 Hours Part-time unbenefited mechanic

The Fleet program performs a broad spectrum of tasks. For new vehicles this includes selecting vehicles for purchase, completing purchasing paperwork, coordinating delivery and fit up of new vehicles, and completing registration and insurance related paperwork. For some vehicles, such as those used for inspectors, the purchase and fit up of vehicles is somewhat similar to that of the personal vehicles that many people own. These vehicles experience normal use and relatively low mileage. As such, their maintenance requirements are generally consistent with private vehicles.

For police vehicles, whether marked or unmarked, the procurement process and maintenance burden is far more complicated. Of the 83 vehicles owned by the Town, 48 are assigned to

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LGMSPD. Procurement of new police vehicles (whether marked or unmarked) requires extensive coordination with the LGMSPD, careful consideration of how emergency response equipment will be stored and used so it is accessible, installation of specialty lights and communication equipment, and special registration requirements. Police vehicles also require more extensive maintenance because they are driven more than most other vehicles and are subject to more intense operating conditions.

The Supervising Mechanic provides coordination and support for maintenance of all vehicles. They also provide perform other tasks such as maintenance and repair of permanently affixed generators, the Town's fuel filling station, and data entry to the asset management system. The majority of non-warranty maintenance related work is performed in-house by the Supervising Mechanic with support of the part-time unbenefited mechanic. Staff is working to optimize the processes used to procure and maintain the Town's assets. This includes setting up processes related to procurement of vehicles and how vehicles are selected and enhancing use of our asset management system to make monitoring of the fleet more effective and to streamline budgeting for future fleet replacements. Despite the efficiencies that may be gained, the fleet operation will remain under-resourced unless operational changes are made. This may include leasing non-police vehicles or adding staff to the fleet team. Staff has discussed the potential addition of a full-time mechanic or of keeping the Supervising Mechanic and creating a Fleet Manager job classification. The Fleet Manager position would provide much needed strategic guidance regarding fleet procurement and compliance with the Clean Fleet regulations.

CONCLUSION:

The Town's Fleet Operation plays a critical role in the Town's operation. Without this critical service, Police Department operations would cease, as would roadway and park maintenance and code compliance services. The regulatory landscape of fleet management is becoming increasingly complex. The intent of this staff report is to raise awareness of this and to begin the work of modernizing the operation by updating Town Policy 4-05.

COORDINATION:

This report was coordinated with Los Gatos-Monte Sereno Police Department, the Finance Department and the Town Manager's Office.

The changes to Town Council Policy 4-05 were considered and recommended by the Policy Committee at its meeting of August 26, 2024.

FISCAL IMPACT:

There is no fiscal impact associated with the recommendations in this report.

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ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Fleet Evaluation Report
2. Attachment 2 – Policy 4-05 Redline
3. Attachment 3 – Resolution to Change Policy 4-05 with Updated Policy as Exhibit A