

## Response to Questions on the FY 2011 Budget

**Request By:** Supervisor Herrity

**Question:** During a visit to the I-66 transfer station last year, I was made aware that the Department of Vehicle Services often buys new replacement parts for vehicles and machinery instead of using the factory warranty or reconditioned parts. I understand that this is done with the objective of returning vehicles to service quickly. This does come with a price.

How many times has this happened in the last 2 years? For each time how much did we pay for new replacement parts that could have been serviced under warranty or with reconditioned parts?

What is the reason for purchasing new parts instead of using the factory warranties or reconditioned parts? How much could we save if we were to increase the use of warranties and reconditioned parts?

**Response:** **Warranties:**

In most cases the Department of Vehicle Services (DVS) sends vehicles and equipment to an authorized factory dealership shop for warranty repairs. In the last two years, DVS had 2,876 warranty repairs by dealerships. This is down from the prior two year period of 3,572 warranty repairs. Due to budget issues, the County has extended vehicle replacement criteria by two years, so fewer vehicles are being purchased; therefore, fewer vehicles are covered by warranty. DVS does not know how much money warranty work saved the County, because the warranty repair shops do not provide any detail of work performed, labor hours, nor parts used. They only inform us that the work was completed.

In a few cases (less than 75 in the last 12 months) the estimated cost of accomplishing warranty repair was less than the cost to transport the vehicle to the warranty shop; therefore, DVS considered it to be in the best interest of the County to perform these repairs at a DVS facility. The cost of transporting a vehicle to the dealership is the roundtrip labor cost for 2 mechanics and the operational and maintenance cost for 2 vehicles. In some cases, DVS does use a tow truck company to tow the vehicle to and from the dealership for the warranty, but there is also a cost involved that is dependent on the type of vehicle.

When DVS performs a warranty repair in-house, our Fleet Maintenance System does not provide any mechanism to identify it as a warranty repair or to track the costs. Since there are only a few instances of in-house warranty repairs coupled with costs savings resulting from not taking the vehicle to the dealership, we have not attempted to track these costs.

Additionally, if vehicles are subject to a campaign (i.e., a manufacturer determines that every vehicle of a certain type needs a certain repair) DVS attempts to arrange for the manufacturer to use DVS facilities for the repair. This arrangement eliminates the cost to transport vehicles to and from the dealership.

**Reconditioned Parts:**

DVS does use many reconditioned parts; some examples include: engines, transmissions, alternators, starters, recapped tires, radiators, recycled antifreeze, some brake shoes and pads and many hydraulic cylinders. In some cases –especially for fire equipment and other specialty vehicles – DVS has to literally return the old part to the factory and have it rebuilt. Furthermore, many parts have core charges – that is, the vendor wants the old used unit back so it can be rebuilt or recycled.

DVS operational staff uses whatever parts are stocked by a DVS parts room or available from a contracted vendor to repair the vehicle and return it to service. Obviously for newer vehicles reconditioned parts are not available. Also, for other than routine maintenance (e.g., oil changes, brakes work, and tune-ups) in most cases we would honor the vehicles' warranty and return it to a dealership of repairs. DVS parts contracts do not specify new or reconditioned parts, only that to be responsive the parts being bid meet or exceed the manufacturer's standards.