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Mayor
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KENNY JOHNSON
Councilmembers
JEFF BAILEY
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AGENDA

WORKSHOP Thursday

**July 8, 2021 - 6:00 PM
Council Chambers - 120 Malabar Road SE, Palm Bay FL 32907**

CALL TO ORDER:

ROLL CALL:

BUSINESS:

1. Discussion of Finding 21, Automobile Allowances for Specified City Employees, pursuant to the operational audit conducted by the Florida Office of the Audit General.

ADJOURNMENT:

If an individual decides to appeal any decision made by the City Council with respect to any matter considered at this meeting, a record of the proceedings will be required, and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based (FS 286.0105). Such person must provide a method for recording the proceedings verbatim.

In accordance with the Americans with Disabilities Act, persons needing special accommodations for this meeting shall, at least 48 hours prior to the meeting, contact the Office of the City Clerk at (321) 952-3414 or Florida Relay System at 711.

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Pursuant to Council Policies and Procedures, members of the public wishing to use

electronic media when addressing City Council must provide the electronic file to staff for screening no later than 2:00 P.M. on the day of the meeting; audio presentations must be submitted to the City Clerk at least twenty-four (24) hours prior to the meeting.

THIS MEETING IS BROADCAST LIVE ON THE CITY'S WEBSITE AND TELEVISED ON THE SPACE COAST GOVERNMENT TV CHANNEL.



AUDIT FINDING 21: AUTOMOBILE ALLOWANCE

CITY COUNCIL
WORKSHOP
JULY 8, 2021

AUDIT FINDING 21: AUTOMOBILE ALLOWANCE

- Automobile Allowances were provided to employees without determining cost-effectiveness or reasonableness of allowance.
 - State law authorizes the City to establish travel policies that vary from the provisions of State law.
 - October 2006, City Council approved a resolution that authorizes certain executive employees to either be assigned a take-home vehicle or receive a monthly auto allowance. The resolution established a monthly auto allowance of \$374 for the period of January 2008 to December 2017, which the City increased to \$405 starting January 2018.
 - The City had not established travel policies that required, and procedures that ensured that, decisions for vehicle assignments and automobile allowances consider cost-effectiveness and be documented and monthly auto allowances be based on documentation supporting the costs of a typical month's official business travel.
 - Such documentation could include periodic reports of business-related travel for a given month, including the dates, locations, and miles traveled for each official business use.

CURRENT FISCAL IMPACT OF AUTO ALLOWANCE

- For audit period – 17 employees with auto allowances
- Present-day:
 - 16 employees total
 - 10 – Deputy City Manager and Directors
 - 4 – City Attorney (contract) and Deputy City Attorney positions (Council-approved)
 - 2 – City Clerk (contract) and Deputy City Clerk
 - Annual value at \$405/month (\$4,860 per) = \$77,760
 - Included in salary and benefits package and negotiation at hire for existing staff.

REVIEW OF GSA MILEAGE RATES VS. CITY AUTO ALLOWANCE

- A. The Administrator of General Services shall conduct periodic investigations of the cost of travel and the operation of privately owned vehicles by employees while engaged on official business, and shall report the results of such investigations to Congress at least once a year.
 - I. In conducting the periodic investigations, the Administrator shall review and analyze among other factors—
 - a) depreciation of original vehicle cost;
 - b) gasoline and oil (excluding taxes);
 - c) maintenance, accessories, parts, and tires;
 - d) insurance; and
 - e) State and Federal taxes.

HISTORICAL RATES FOR CITY AND GSA

City Allowance Effective Date	City Allowance Amount	GSA Mileage Rate At City Effective Date	Daily Avg Miles: Allowance divided by GSA Rate
1/1/2021	\$405	\$0.560	36
1/1/2018	\$405	\$0.545	37
1/1/2011	\$374	\$0.510	37
1/1/2010	\$367	\$0.500	37
5/1/2008	\$371	\$0.505	37
3/1/2007	\$356	\$0.485	37
2/1/2006	\$326	\$0.445	37
6/1/2005	\$275	\$0.405	34
1/1/1998	\$250	\$0.310	40

81% increase in GSA mileage rate over 20+ years

City auto allowance:
1998 = \$250
to
2018 = \$405

62% increase in City auto allowance over 20+ years

FISCAL IMPACT ESTIMATE -VEHICLE PURCHASE

The initial \$23,000 for the purchase of a vehicle is being depreciated to fit the same criteria that was utilized by GSA for calculation purposes. Using a specific example of 840 miles driven in a month – average of 17 miles/gallon results in 49.4118 gallons used. 840 miles divided by 22 work days is 38 miles per day.

	Monthly	Yearly	
Mid-size SUV	\$230.00	\$2,760	\$23,000
Fuel	\$113.65	\$1,364	\$2.30 per gallon
Maintenance	\$41.67	\$500	Oil, wipers, rotate tires, etc
Insurance	\$35.92	\$431	
Total	\$421.23	\$5,055	

- Example equals \$421.23 monthly costs to the City if an employee drives on average 38 miles/day, compared to \$405 flat rate auto allowance.
- Of 10 DCM/Director positions, 7 are estimated to drive around this many miles per week for the job.
- Based on analysis, it will likely cost the City more either to buy/maintain/replace vehicles or pay the per mileage rate to these employees instead of the flat rate.

EXAMPLES FROM OTHER CITIES

75.15 square miles

City of Lakeland	Rate Set By		
All Directors and above	Hiring Manager	\$450	per month
8 Assistant Directors		\$450	per month
Manager of Legislation and Regulation		\$342	per month
Manager of Strategic Projects		\$250	per month
Communications (Police)		\$171	per month
No reporting required			

49.88 square miles

City of Melbourne	Rate Set By		
City Manager	Council	\$500	per month
Deputy City Manager	City Manager	\$350	per month
Directors	City Manager	\$325	per month
No reporting required			

15.19 square miles

City of Cocoa Beach	Rate Set By		
City Manager	Council	\$350	per month
Others- Assigned take home Vehicle			

Palm Bay is 88 square miles

SUMMARY

- GSA mileage rate calculation considers depreciation of vehicle, insurance, fuel, maintenance and taxes
- Over 20+ years, GSA mileage rate has increased more than the City Vehicle Allowance rate
- Initial purchase of issued vehicle would be expensive
 - Average monthly expense estimate would exceed current allowance
- Of the cities sampled, vehicle allowance rates vary from \$325 to \$450 per month

OPTIONS FOR CONSIDERATION

- Option 1: Recommendation - no change. This is a policy decision.
 - Cost has been compared to GSA rate and impact of vehicle purchases, which can be reviewed annually.
 - Allows for flexibility in determining need for assigned vehicle or auto allowance and also factors into recruitment for GI employees.
- Option 2: Move into base salary. Already included as part of base salary in annual wage statement for employees.
 - Shift would cause any approved annual COLA adjustment to also impact the auto allowance amount.