



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 24-10 City of Colorado Springs Fleet Maintenance Insourcing

April 2024

### **Purpose**

The purpose of this audit was to monitor the City Support Services fleet insourcing transition project, including readiness to internally staff and effectively begin providing maintenance services for City fleet by January 2, 2024. A separate but related audit was conducted for the Colorado Springs Utilities (Utilities) insourcing, see audit report 24-09.

### **Highlights**

We conclude that overall, the insourcing project was successful and well managed. We identified two opportunities for improvement and several commendable practices during our review.

The external contract, initiated in 2014, for combined maintenance services for City and Utilities vehicles, expired at the end of 2023. In September 2022, the City and Utilities established a timeline and oversight teams to facilitate the fleet services procurement process for continued outsourced services. In early 2023, leadership decided to cancel that process, and to transition City and Utilities vehicle maintenance services to be separately provided and internally staffed. The audit report for the procurement process was published in August 2023, 23-16 City of Colorado Springs and Colorado Springs Utilities Fleet Management and Maintenance Services Procurement.

City fleet included approximately 2,273 vehicles at multiple locations. City Support Services successfully transitioned these vehicle maintenance activities as of January 2, 2024, with attention to risks associated with safety and readiness. The project included budgeting, hiring, procurement, and facility lease negotiation and preparation processes, accomplished in coordination with Colorado Springs Utilities.

We observed commendable practices during the audit. These included a highly effective single point of contact project manager, and a well-functioning team comprised of Support Services staff and several other City departments.

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### **Opportunities for Improvement:**

1. Fleet management should finalize and begin to systematically report on fleet maintenance KPIs (Key Performance Indicators).
2. Fleet management should periodically update the original April 2023 City Fleet Insourcing financial analysis to include the most recent data and budget assumptions.

### **Management Response**

Management was in agreement with our recommendations.

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The audit was conducted in coordination with City personnel. We would like to thank the staff for their assistance, responsiveness, inclusivity and support during this review.

In 2025, the Office of the Auditor anticipates conducting a follow-up audit to determine if the financial and performance objectives of this vehicle maintenance insourcing project were achieved.

### ***Commendable Practices***

During the course of our review that included an analysis of documentation and approximately 30 City staff interviews, site visits or monitored meetings and events, we observed a number of commendable practices. These included:

- Assignment of an effective single point of contact project manager
- Highly effective team support from other departments (Human Resources, Procurement, Legal, Real Estate Services etc.)
- Critical path project management and attention to risk management and potential future scenarios
- Effective communication with leadership and employees of the prior fleet maintenance contractor
- Procurement practices that met and in some cases exceeded minimum City requirements (e.g. full Request for Proposal (RFP) process when not technically required)

### ***Opportunity 1***

Finalize and maintain Key Performance Indicators (KPIs).

The importance of KPIs (tied to improved maintenance performance as compared with that of the former external contractor) was identified as a key justification and priority for the decision to insource in the April 2023 Executive Update announcing management's decision.

As of February 13, 2024, categories of KPIs had been suggested for finalization by March 31 .

### ***Recommendation***

We recommend that fleet management finalize and begin to systematically report on fleet maintenance KPIs.

### ***Management Response***

Management agrees with this recommendation. During the implementation of insourcing the Fleet Maintenance work we established a timeline to create and publish KPIs for measuring performance. These KPIs are scheduled to be identified by the end of the 1st quarter of 2024, with department dashboards created the end of the 2nd quarter and creation of a Support Services dashboard that includes a Fleet overview, by the end of the 3rd quarter.

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### ***Opportunity 2***

Update and maintain cost projections.

Concurrent with and in support of the circa April 2023 management decision to insource staffing of City fleet maintenance separate from Utilities, fleet staff prepared a cost projection and budgeting analysis.

This document (or comparable information) has not been subsequently updated or maintained to reflect recent information and experience.

### ***Recommendation***

Management is encouraged to periodically update/reconcile the original April 2023 City Fleet Insourcing financial analysis to include the most recent available cost information and budget assumptions.

### ***Management Response***

Management agrees with this recommendation. City Fleet Maintenance is planning to create a comparison trend document to compare a quarter over quarter running year-to-date comparison to illustrate 3 areas: 1) What our estimated costs would have been had we gone under contract with a vendor during the 2023 RFP. 2) What our estimated costs would be by insourcing fleet maintenance. 3) Actual 2024 costs. This comparison will come out by the end of April 2024, and will be updated quarterly through the end of the year.