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HEADLINE: Review: State's assets unclear

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BODY:

California's fleet of state-owned vehicles swelled to 70,000 last year, but officials in an aggressive new asset-management push have so far been able to pinpoint only about 40,000.

The effort by Gov. Arnold Schwarzenegger's State and Consumer Services Agency which began its review when he took office marks a first for the state. But it is highlighting what administration officials say has been years of haphazard and inefficient management by both Democratic and Republican governors.

"It was very bad. We were amazed by how inadequate the information [was]," said Fred Aguiar, secretary in charge of the agency conducting the review. "The data coming from departments and agencies of state in regards to procurement was terrible."

The agency is seeking to consolidate the information in an effort to maximize resources, improve efficiency and reduce government spending as part of a broader push across state departments by Schwarzenegger.

Aguiar said tracking down the data has been difficult. When his department began its review, the situation "was so bad" he discovered that one government agency purchased \$4 million worth of automobiles but didn't have any record of where it bought them.

So far, the department has determined that California spent \$33.6 million on automobile acquisitions in calendar year 2004, but it is still compiling fleetwide data and does not yet know the total value or ongoing costs of the state's fleet.

Steve **Frates**, a senior fellow at the **Rose Institute** of State and Local Government at Claremont McKenna College and an expert on government management practices, said the fleet management inefficiencies are not uncommon among state governments though they are not necessarily the rule.

"The fact that California didn't know where its fleet was is a little disconcerting," **Frates** said. "The fact they're taking corrective action is good, but long overdue."

Charged with managing state assets including vehicles, real estate and goods like office furniture the State and Consumer Services Agency until recently had little power to require state departments to disclose information about assets.

Aguiar said legislation by former state Senate President Pro Tem John Burton, D-San Francisco, [signed by former Democratic Gov. Gray Davis in 2003] and Sen. Jeff Denham, R-Modesto, [signed by Schwarzenegger in 2004] has made it easier to gather such information.

The legislation required all executive agencies and the California State University system to accommodate State and Consumer Services' request for vehicle-fleet information. Denham's bill, in particular, mandated that all departments have vehicle purchases approved by the Department of General Services, a department within State and Consumer Services.

In June, Aguiar hired private consulting firm The Gartner Group at a cost of \$175,000 to develop a computerized system that will allow the state to track the number, value and costs of all vehicles it owns at any given time. The system also would track details such as each vehicle's purchase date, location and accrued mileage.

"In order to really manage assets effectively, you've got to have a lot of information about them, and you've got to have it on a routine basis," said Rob Cook, deputy director for the Interagency Support Division within DGS.

Aguiar said his agency does not yet have a target date for completion of the review, nor are officials sure how much money might be saved. But both state officials and government analysts expect that at least some costs will be reduced over the long term.

A recent state audit of one department suggests the figure could be substantial.

According to the Bureau of State Audits, The Department of Fleet Administration under DGS owns 6,400 automobiles, many of which it rents to other government agencies. However, the state auditor found the rates it charges are not necessarily competitive and its vehicle inventory might be larger than necessary.

"In addition to rate comparisons, Fleet should compare the actual cost of operating its motor pool to the amount that the state would pay commercial rental companies," the audit said in its recommendations for potential cost savings.

The effort to better manage state assets has spurred broad interest.

Assemblywoman Gloria Negrete McLeod, D-Montclair, is carrying a bill for the governor that would make it easier for the state to dispose of surplus property which has been another asset-management improvement project the Schwarzenegger administration has been working on since late 2003. Assembly Bill 54 would authorize the state to sell \$120 million worth of excess real estate.

Some worry that state officials might go overboard in dumping excess property and tightening procurement rules, making it harder for California to adjust to changing needs. But McLeod said there is no reason why the state should not know what it owns and how much its assets are costing.

"It's surprising to me. I always thought departments knew what they had," she said. "The more accountability we have, the better it is."

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