

Schedule 13

Funding Request for the FY 2016-17 Budget Cycle

Department of Personnel & Administration

Request Title R-03 Annual Fleet Vehicle Request

Dept. Approval By:  Supplemental FY 2015-16
 Change Request FY 2016-17
 Base Reduction FY 2016-17
 OSPB Approval By:  10/29/15 Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18
		Initial Appropriation	Supplemental Request	Base Request	Change Request Continuation
Total		\$17,439,929	\$0	\$17,439,929	\$766,084 \$766,084
FTE		0.0	0.0	0.0	0.0 0.0
Total of All Line Items Impacted by Change Request					
GF		\$0	\$0	\$0	\$0 \$0
CF		\$0	\$0	\$0	\$0 \$0
RF		\$17,439,929	\$0	\$17,439,929	\$766,084 \$766,084
FF		\$0	\$0	\$0	\$0 \$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18
		Initial Appropriation	Supplemental Request	Base Request	Change Request Continuation
Total		\$17,439,929	\$0	\$17,439,929	\$766,084 \$766,084
FTE		0.0	0.0	0.0	0.0 0.0
04. Central Services - Vehicle Replacement					
GF		\$0	\$0	\$0	\$0 \$0
CF		\$0	\$0	\$0	\$0 \$0
RF		\$17,439,929	\$0	\$17,439,929	\$766,084 \$766,084
FF		\$0	\$0	\$0	\$0 \$0

Letternote Text Revision Required? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	Fund 6070, Fleet Management Fund
Reappropriated Funds Source, by Department and Line Item Name:	
Approval by OIT? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required: <input checked="" type="checkbox"/>	
Schedule 13s from Affected Departments:	
Other Information:	



COLORADO

Department of Personnel
& Administration

Priority: R-03
Annual Fleet Vehicle Request
FY 2016-17 Change Request

Cost and FTE

- The Department of Personnel & Administration is requesting to replace 711 fleet vehicles (306 of which are designated as potential Compressed Natural Gas (CNG) vehicles), which will require a decrease of (\$393,052) in appropriated funds for all state agencies' vehicle lease payment appropriations, and an increase of \$766,084 for the Department's (4) Division of Central Services, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase, or Lease/Purchase line item for FY 2016-17.

Current Program

- The Department is charged with the oversight of the State Fleet, including its maintenance, operation, and replacement as necessary. All departments that participate in the State Fleet program are impacted by this request.

Problem or Opportunity

- On an annual basis, the Department of Personnel & Administration submits a fleet replacement request to address the needs of individual state agencies across the State.
- The Department's Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year, 2,147 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2016-17 the Department has included 711 replacement vehicles, in the most critical need of replacement.

Consequences of Problem

- Replacement vehicles for the Colorado State Patrol represent 18.9 percent of the request. These vehicles routinely travel at a high rate of speed under various conditions. Failing to replace these vehicles in a timely fashion would significantly increase the likelihood of failure of key components, thereby increasing the probability of injury to patrolmen.
- For other agencies, replacement vehicles are typically requested because the cost to maintain the older vehicle meets or exceeds the cost of replacing the vehicle.

Proposed Solution

- The Department proposes the replacement of 711 state fleet vehicles, 306 of which are CNG vehicles. The incremental cost to State agencies is estimated to be (\$393,052) total funds.
- The proposed solution is anticipated to save the State \$1,448,511 between reduced maintenance costs and reduced fuel expense.
- For this request, the non-CSP vehicles recommended for replacement through the fleet replacement methodology average 127,563 miles.



COLORADO

Department of Personnel & Administration

FY 2016-17 Funding Request | November 1, 2015

John W. Hickenlooper
Governor

June Taylor
Executive Director

Department Priority: R-03
Request Detail: Annual Fleet Vehicle Request

Summary of Incremental Funding Change for FY 2016-17	Total Funds
Annual Fleet Vehicle Request - DPA	\$766,084
Annual Fleet Vehicle Request – Agency Appropriations	(\$393,052)

Problem or Opportunity:

This request is submitted on an annual basis through the combined efforts of State Fleet Management (SFM), the Office of State Planning and Budgeting, and the State agencies that participate in the State Fleet Management Program.

Fleet replacements are necessary to control maintenance expenses. For example, from FY 2009-10 to FY 2010-11 the cost per mile for maintenance decreased by 7.1 percent due to a large replacement cycle in FY 2009-10. From FY 2010-11 through FY 2011-12, a 56.0 percent decrease in fleet replacements resulted in a 12.0 percent increase in total maintenance costs. In addition, using established economic rationale for replacement decisions, and consistent funding of reasonable levels of replacements is the most cost effective approach to fleet management, and will allow State Fleet Management to minimize future increases in vehicle maintenance and minimize the net impact to all fund sources.

The Department’s original analysis identified 2,147 vehicles for replacement using the standard criteria. However, due to the limited personnel and physical resources (such as lot space) available to the State Fleet Management Program, the Department has revised the list to only include 711, or the “worst of the worst” vehicles for FY 2016-17.

Proposed Solution:

The Department of Personnel & Administration requests 711 replacement vehicles for the State Fleet, including 306 potential CNG eligible vehicles. To accomplish this, the Department will require an increase of \$766,084 in Reappropriated Funds to its (4) Central Services, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item. For individual State agencies, this request will require a decrease of (\$393,052) in funding for the respective Vehicle Lease Payments appropriations. Replacing 711 vehicles in FY 2016-17 will reduce SFM’s projected maintenance and fuel costs by

\$1,448,511. The following table shows the number of requested replacements and potential CNG vehicles by agency and vehicle type:

FY 2016-17 Summary of Requested Replacement Vehicles by Department			
Department	Standard	CNG	Total
Agriculture	4	8	12
Corrections	64	44	108
Governor's Office	1	6	7
Education	2	1	3
Health	9	3	12
Higher Education	53	52	105
Human Services	23	20	43
Judicial	0	1	1
Law	0	1	1
Labor & Employment	5	5	10
Local Affairs	1	2	3
Military & Veterans Affairs	1	2	3
Natural Resources	38	92	130
Personnel	6	6	12
Public Safety	146	22	168
Regulatory Agencies	2	1	3
Revenue	19	7	26
Secretary of State	1	0	1
Transportation	30	33	63
Total	405	306	711

FY 2016-17 Annual Fleet Request					
Department	Total Incremental	GF	CF	RF	FF
Agriculture	(\$16,275)	(\$5,934)	(\$10,166)	\$0	(\$175)
Corrections	\$100,743	\$76,052	\$24,691	\$0	\$0
Education	\$1,833	\$1,833	\$0	\$0	\$0
Governor's Office	\$10,220	\$2,928	\$0	\$7,292	\$0
Health Care Policy and Financing	\$0	\$0	\$0	\$0	\$0
Higher Education	\$0	\$0	\$0	\$0	\$0
Human Services	\$72,599	\$45,281	\$2,410	\$15,942	\$8,966
Judicial Branch	\$56,760	\$56,760	\$0	\$0	\$0
Labor And Employment	\$62,394	\$10,829	\$8,955	\$0	\$42,610
Law (Attorney General's Office)	(\$23,797)	(\$13,096)	(\$1,111)	(\$8,088)	(\$1,502)
Legislative Branch	\$0	\$0	\$0	\$0	\$0
Local Affairs	\$16,844	\$15,160	\$0	\$1,684	\$0
Military and Veterans Affairs	\$10,412	\$10,412	\$0	\$0	\$0
Natural Resources	\$295,447	\$22,046	\$271,789	(\$7,334)	\$8,946
Personnel & Administration	(\$12,430)	\$0	\$0	(\$12,430)	\$0
Public Health and Environment	\$29,476	\$0	\$29,476	\$0	\$0
Public Safety	(\$1,072,223)	(\$259,045)	(\$615,517)	(\$98,832)	(\$98,829)

FY 2016-17 Annual Fleet Request					
Department	Total Incremental	GF	CF	RF	FF
Regulatory Agencies	\$17,980	\$0	\$17,980	\$0	\$0
Revenue	\$56,265	\$14,986	\$41,279	\$0	\$0
State	\$700	\$0	\$700	\$0	\$0
Transportation	\$0	\$0	\$0	\$0	\$0
Treasury	\$0	\$0	\$0	\$0	\$0
Total Appropriated	(\$393,052)	(\$21,788)	(\$229,514)	(\$101,766)	(\$39,984)

Anticipated Outcomes:

If this request is funded, the State will maintain a fleet of vehicles that is sufficient to address the needs of State agencies. With respect to law enforcement vehicles, the vehicle replacements help ensure that the maximum safety standards are met for the patrolmen that must travel at high speeds in various conditions. For the rest of the State's agencies, the replacement vehicles will allow the State to operate an efficient fleet, as well as follow the statutory guidance to migrate towards a more environmentally friendly fleet. Finally, with the exception of the State Patrol vehicles, the vehicles requested for replacement are estimated to cost the State more in maintenance costs than would otherwise be required to replace the vehicle. If all 711 vehicles are replaced, the maintenance and fuel savings is projected to be \$1,448,511.

Assumptions and Calculations:

Please see the appendix of this request for a detailed description of the Department's methodology for identifying replacement vehicles, as well as detail on how the incremental funding request is developed.

Appendix

Development of Incremental Budget Need

The budget assumptions for this request include preliminary estimates of the impacts of a FY 2015-16 vehicle reconciliation performed by State Fleet Management, and a further estimated reconciliation of leases ending and increasing during the budget period. Finally, the pro-rated impact of the requested vehicles has been added to the reconciled appropriation.

For FY 2016-17, the Department has assumed continuation funding for the vehicles being replaced since the vehicles arrive at various times during the year and the Department cannot reasonably estimate the arrival of each vehicle. Therefore, the Department will true-up the appropriations for FY 2016-17 during the annual fleet supplemental in the request year.

Estimated State Agency Need

The Department estimated the projected need for State agencies in FY 2015-16 and FY 2016-17 by performing the following steps, as shown in the Summary of Appropriated Department Need tables:

Summary of Appropriated Department Need for FY2015-16		
Line	Agency Lease Line Analysis	FY 2015-16
1	FY 15-16 Base Long Bill Appropriation	\$19,494,264
2	Non-Appropriated Vehicle Lease Payments*	\$3,389,501
3	Total FY 15-16 Base Funding (All Agencies)	\$22,883,765
4	Estimated Reduction to FY 15-16 Based on Current Lease Payments	(\$2,957,236)
5	Approved Additions (Prorated)	\$93,347
6	Approved Replacements (Prorated)	\$931,373
7	Leases Ending in FY 15-16 (impact to FY 15-16)	(\$328,434)
8	Estimated FY 15-16 Statewide Need After FY 145-16 Supplemental	\$20,829,612
9	Non-Appropriated Vehicle Lease Payments*	(\$2,828,716)
10	Net Appropriated Agency Need for FY 15-16	\$18,000,896
11	Net FY 15-16 Estimated Increase from Current LB Appropriation	(\$1,493,368)

- 1) Begin with the appropriated (Line 1) and non-appropriated (Line 2) vehicle lease payments and develop a total base funding (Line 1 + Line 2 = Line 3)
- 2) Reduce the base by the difference between actual lease payments and the total base (Line 4)
- 3) Add the approved additions (Line 5) and the approved replacements (Line 6)
- 4) Reduce the total need by the value of the leases that will terminate in that year (Line 7) to determine the total statewide need (Line 8)
- 5) Then, reduce the total Statewide appropriation by the payments that will be made on behalf of non-appropriated agencies (Line 9) to develop the total appropriated agency need for FY 2015-16 (Line 10)
- 6) Finally, line 11 of the table takes the difference between Line 10 and Line 1. This is the incremental need for State agency appropriations in FY 2015-16 and serves as the base for determining FY 2016-17 total need.

The FY 2016-17 Agency Lease Line Analysis table is calculated the same way that the FY 2015-16 Agency Lease Line Analysis table. That table below shows the calculation for FY 2016-17 and a description of the calculation steps:

Summary of Appropriated Department Need for FY2016-17		
Line	Agency Lease Line Analysis	FY 2016-17
12	FY 15-16 Estimated Need after Additions/Subtractions	\$18,000,896
13	Non-Appropriated Vehicle Lease Payments	\$2,828,716
14	Total Estimated FY 15-16 Base Funding (All Agencies)	\$20,829,612
15	Leases ending in FY 15-16 (impact on FY 15-16)	(\$1,122,627)
16	New FY 15-16 Leases annualized for FY 16-17	\$1,836,291
17	Leases ending in FY 16-17	(\$978,627)
18	751 Vehicle Replacements for FY 16-17	\$1,681,621
19	Remaining Payment Obligations	\$228,049
20	Estimated FY 16-17 Statewide Need After FY 16-17 Replacements	\$22,474,319
21	Net Statewide Increase Over FY15-16 Long Bill	(\$409,446)
22	Non-Appropriated Vehicle Lease Payments	(\$3,373,108)
23	Net Appropriated Agency Need for FY 16-17	\$19,101,212
24	Net Increase Over FY 15-16 Long Bill	(\$393,052)

- 1) Add Line 12 of the FY 2016-17 Lease Line analysis table to the adjusted FY 2015-16 appropriated spending authority and the payments for non-appropriated agencies (Line 13) to get to the total base funding (Line 14).
- 2) To this, the following adjustments are entered:
 - a. the impact of FY 2015-16 leases ending on FY 2016-17 (Line 15)
 - b. the annualization of FY 2015-16 leases approved for FY 2016-17 (Line 16)
 - c. a reduction for leases ending in FY 2016-17 (Line 17)
 - d. the FY 2016-17 costs for the replacement of the 711 vehicles (Line 18)
 - e. remaining payment obligations (Line 19).
- 3) The actions above are aggregated into the Estimated FY 2016-17 Statewide Need for FY 2016-17 Replacement line, or Line 20.
- 4) Line 21 calculates the incremental need for the entire State, and the non-appropriated funds (Line 22) are reduced from Line 20 to drive the total need for appropriated agencies in FY 2016-17 (Line 23).
- 5) The FY 2015-16 appropriated amount is subtracted from Line 23 to arrive at the incremental need for State agencies (Line 24).

Detailed Analysis of Departmental Need

The following tables show the Department's detailed calculations regarding the need of individual agencies for FY 2015-16 and FY 2016-17 that tie to the values presented in the tables above.

Lease Line Reconciliation for FY 2015-16

Dept	Division	Long Bill Vehicle Lease Payment Appropriation for FY 2015-16	12 CARS Monthly Billing for July 2015	Annualized Fixed Payments for FY 2015-16	Approved Additions Fixed Payments (Prorated) for FY 2015-16	Approved Replacements Fixed Payments (Prorated) for FY 2015-16	FY16 Remaining Revenue	Vehicle Leases (Prorated) Ending by 6/30/15	*Projected Fixed Payments (incl Mgt Fees) for FY 2015-16	**Projected Variance from Appropriation for FY 2015-16
Long Bill Appropriated Agencies										
CDPS	EDO (Fire Safety, Criminal Justice, Et	660,653	21,713	307,516	38,040	3,593	6,689	(755)	355,084	(305,569)
CDPS	Colorado State Patrol (see note)	8,226,972	559,964	7,548,225	360	135,990	6,739	(158,496)	7,532,818	(694,154)
CDPS	CBI	246,378	19,282	245,337	-	6,127	-	-	251,464	5,086
CDPS	CDPS Total	9,134,003	600,959	8,101,079	38,400	145,710	13,428	(159,251)	8,139,366	(994,637)
DOAG	Agriculture	240,530	16,167	211,684	-	4,087	8,099	(950)	222,920	(17,610)
DOAG	State Fair	21,396	334	8,689	-	-	-	-	8,689	(12,707)
DOC	Department of Corrections	3,263,106	199,410	2,629,063	-	-	-	-	2,889,497	(373,609)
DOE	Department of Education	16,235	1,016	15,055	-	-	-	-	15,055	(1,180)
DOH	Department of Health	351,365	22,506	310,982	-	-	-	-	335,651	(15,714)
DOLA	Department of Human Services	1,079,507	84,695	1,053,428	-	-	-	-	1,091,833	12,326
DOLE	Local Affairs	81,927	5,794	69,528	-	-	-	-	82,471	544
DOLE	Labor and Employment	146,117	8,232	98,780	-	-	-	-	119,054	(27,063)
DOMA	Military Affairs	50,656	3,317	52,003	-	-	-	-	53,136	2,480
DONR	Natural Resources	3,833,123	281,662	3,550,645	9,870	181,177	104,293	(72,333)	3,773,652	(59,471)
DOR	Department of Revenue	604,671	42,126	535,092	3,612	31,624	2,164	(1,678)	570,814	(33,857)
DORA	Regulatory Agencies	219,218	20,768	249,213	-	-	-	-	250,730	31,512
GOV	Economic Development	9,516	1,037	12,444	-	-	-	-	12,444	2,928
GOV	CEO	-	75	900	-	-	-	-	900	900
GOV	OIT	88,634	5,883	70,596	3,065	-	-	-	73,661	(14,973)
DPA	Dept of Personnel (not MP)	75,146	4,372	55,443	-	1,816	559	-	57,818	(17,328)
DOL	Attorney General	70,416	3,316	45,471	-	4,068	-	(1,108)	48,431	(21,985)
DOS	Secretary of State	926	30	360	-	-	-	-	360	(566)
JUD	Public Defender	114,565	8,494	101,924	-	4,387	5,050	(742)	110,619	(3,946)
JUD	Courts	93,207	11,583	138,994	-	1,619	3,363	(183)	143,793	50,586
Total Long Bill Appropriated Agencies		19,494,264	1,321,775	17,311,375	93,347	681,452	245,197	(292,075)	18,000,896	(1,493,368)
Non Long Bill Appropriated Agencies										
DOT	Department of Transportation	2,602,734	171,237	2,138,207	-	138,510	26,356	(33,155)	2,243,562	(359,172)
DOHE	Higher Education Total	786,767	37,934	476,947	-	111,411	12,320	(3,204)	585,154	(201,613)
Total Non Appropriated Agencies		3,389,501	209,171	2,615,154	-	249,921	38,676	(36,359)	2,828,716	(560,785)
DPA	Motor Pool	-	12,060	144,715	-	809	-	(8,419)	137,105	-
Statewide Total (without Motor Pool)		22,883,765	1,530,945	19,926,529	93,347	931,373	283,873	(328,434)	20,829,612	(2,054,153)

Replacement Analysis for FY 2016-17

Dept	Division	**Projected Fixed Payments (incl Mgt Fees) for FY 2015-16	Payments Included in Current Year Not Needed in FY 2016-17	New Leases Annualized for Full Year in FY 2016-17	Leases (Prorated) for Leases Ending by 6/30/16	Base Need Without Requested Replacements	Replacement Leases Being Requested (Prorated)	FY16 Remaining Revenue	Total Need After Requested Replacements	Decision Item Figures for Agencies' Schedule 13
Long Bill Appropriated Agencies										
CDPS	EDO (Fire Safety & Criminal Justice)	355,084	(2,264)	83,267	(3,787)	432,299	\$12,939	-	445,238	(215,415)
CDPS	Colorado State Patrol (see note)	7,532,818	(390,894)	136,350	(843,091)	6,435,183	\$799,126	84,587	7,318,896	(908,076)
CDPS	CBI	251,464	-	12,254	-	263,718	\$29,759	4,169	297,646	51,268
CDPS	CDPS Total	8,139,366	(393,158)	231,871	(846,878)	7,131,201	841,824	88,756	8,061,781	(1,072,222)
DOAG	Agriculture	222,920	(8,918)	8,174	(7,705)	214,471	6,943	7,035	228,448	(12,082)
DOAG	State Fair	8,689	-	-	-	8,689	8,514	-	17,203	(4,193)
DOC	Department of Corrections	2,889,497	(155,555)	432,998	(15,951)	3,150,989	198,711	14,149	3,363,849	100,743
DOE	Department of Education	15,055	-	-	-	15,055	3,013	-	18,068	1,833
DOH	Department of Health	335,651	(11,938)	36,502	(1,334)	358,881	18,598	3,363	380,841	29,476
DOHS	Department of Human Services	1,091,833	(43,231)	95,494	(7,922)	1,081,128	55,632	15,346	1,152,106	72,599
DOLA	Local Affairs	82,471	(2,320)	18,780	(3,554)	95,377	3,393	-	98,771	16,844
DOLE	Labor and Employment	119,054	(1,911)	17,742	(200)	189,731	15,938	2,841	208,511	62,394
DOMA	Military Affairs	53,136	-	2,266	-	55,402	5,666	-	61,068	10,412
DONR	Natural Resources	3,773,652	(286,442)	382,094	(48,462)	3,820,842	234,609	73,118	4,128,570	295,447
DOR	EDO	570,814	(19,244)	70,472	(2,981)	619,061	34,053	7,822	660,936	56,265
DORA	Regulatory Agencies	250,730	(26,349)	10,146	(2,765)	231,762	3,555	1,881	237,198	17,980
GOV	Economic Development	12,444	-	-	-	12,444	-	-	12,444	2,928
GOV	CEO	900	-	-	-	900	1,177	-	2,077	2,077
GOV	OIT	73,661	-	6,130	-	79,791	11,017	3,041	93,849	5,215
DPA	Dept of Personnel (not MP)	57,818	-	3,632	-	61,450	1,266	-	62,716	(12,430)
DOL	Attorney General	48,431	(5,542)	8,136	(5,614)	45,411	1,208	-	46,619	(23,797)
DOS	Secretary of State	360	-	-	-	360	1,266	-	1,626	700
JUD	Public Defender	110,619	(4,239)	8,774	(244)	114,910	-	-	114,910	345
JUD	Courts	143,793	-	3,238	-	147,031	1,208	\$1,382	149,622	56,415
Total Long Bill Appropriated Agencies		18,000,896	(958,847)	1,336,449	(943,610)	17,434,888	1,447,591	218,733	19,101,212	(393,052)
					Variance to Long Bill for:		FY 2015-16		(393,052)	
Non Long Bill Appropriated Agencies										
DOJ	Department of Transportation	2,243,562	(151,842)	277,020	(34,812)	2,333,928	84,553	7,211	2,425,692	182,130
DOHE	Higher Education Total	585,154	(11,938)	222,822	(205)	795,833	149,477	2,105	947,416	362,261
Total Non Appropriated Agencies		2,828,716	(163,780)	499,842	(35,017)	3,129,761	234,031	9,316	3,373,108	544,392
DPA	Motor Pool	137,105	(26,073)	1,618	(6,214)	106,436	16,764	4,147	127,347	(9,758)
Statewide Total (without Motor Pool)		20,829,612	(1,122,627)	1,836,291	(978,627)	20,564,649	1,681,621	228,049	22,474,319	

Detailed Description of Replacement Methodology

Step 1. Initial Screen: The initial candidate list is generated from the Colorado Automotive Reporting System (CARS) using a minimum threshold for further replacement consideration. An extraction is done that lists all vehicles projected to meet the following requirements by time of replacement in the final quarter of FY 2016-17. In order to be considered for analysis, a vehicle must meet one of the following criteria:

- Non Colorado State Patrol (CSP) vehicles must be projected to have greater than 100,000 miles.
- CSP vehicles must have greater than 80,000 miles for patrol vehicles and be four years old and greater than 40,000 miles for motorcycles.
- A vehicle that will be 16 years old or older at the time that the proposed replacement would occur. This is consistent with one of the elements of Executive Order 0012 07, which specified that a priority be placed on the replacement of vehicles model year 1996 and older as a means of improving fuel efficiency.

For FY 2016-17, this initial screen produced 2,147 potential replacements meeting the minimum criteria.

Rationale: This initial screen limits the replacement candidates based upon a logical minimum standard. Mileage is projected through May of the budget request year to include all vehicles that will meet the criteria within the request year. Vehicles that meet this criterion proceed to the next step.

Step 2. Manual Adjustments: Decisions for vehicle replacement are not made on the basis of the mileage criterion or vehicle age alone. The ideal process would involve a detailed mechanical evaluation of each replacement candidate by a qualified technician, and the decision would be based on the projected costs involved to maintain the vehicle over the next one to two years. This level of analysis is not always practical for the State. However, State Fleet Management can use additional information and resources that are readily available to further refine the replacements list to make sure the right vehicles are ultimately replaced.

- **Agency retention requests:** State Fleet Management confers with agencies concerning proposed replacements, taking into consideration factors such as internal rotations, cascading vehicle assignments for additional use, and other extensions to a vehicle's life. No one knows the individual vehicles better than agency Vehicle Coordinators and the users of the vehicles. State Fleet Management uses agency input to eliminate vehicles from the replacement analysis that, in an agency's opinion, are in good condition considering mileage and age. State Fleet Management also uses agency input to keep vehicles on the replacement list that are in exceptionally poor condition, create an unacceptable safety risk, or are not meeting the functional requirements of the agency, even in some cases when the vehicle does not meet typical replacement criteria.
- **Vehicles with major recent repairs (New engine, transmission, etc.):** The most recent 12 months of repairs are analyzed to identify any individual repairs that required significant expenditures (typically in excess of \$5,000 for an individual repair). If the State has recently made a significant investment replacing a major component of a vehicle, the State should expect that the

cost to operate the vehicle over the short-term should be reduced, and the State should not replace such vehicles until it has had the opportunity to benefit from that investment.

- **Vehicles in the low cost, low mile work functions:** Vehicles in this category are typically maintenance and support vehicles used in campus type environments. They are typically low mileage (approximately 1,000 miles per year), are often very old, and may have a high cost per mile even though the total annual operating cost is very low. Ideally, these vehicles should be replaced with used, but safe and operable vehicles out of the vehicle turn-in pool. Vehicles that are no longer suitable for high usage functions can often be used in these maintenance type roles without incurring significant repairs, and it is often not economically justifiable to purchase brand new vehicles for low use assignments. Therefore, only the very worst of these maintenance and support vehicles are included in the final submission for replacement.
- **Very high mileage vehicles (>160,000):** Vehicles with this mileage projection are at least 50 percent over the State's minimum mileage replacement criterion. At this point, vehicles tend to deteriorate rapidly, with costly major component breakdowns, decreased reliability, and increased safety concerns. The cost effective operation of such vehicles is highly unlikely after this mileage threshold is reached. In fact, in a less restrictive fiscal environment, State Fleet Management would typically recommend lower thresholds.

Step 3. Rank Highest Priority to Lowest Priority: All of the vehicles passed through the initial screening criteria meet the basic requirements for replacement. These vehicles are nearly all high-mileage, high-cost and are primarily older vehicles. While all of these vehicles meet the basic criteria for the replacement cycle, the challenge is to make sure that the worst of these vehicles are identified, so that only the worst of the worst will be replaced given any level of funding. By comparing these vehicles to the average vehicle of similar age and type, the State will be able to identify the vehicles that display the greatest operational cost variance from the average. Those that have a considerably higher than average cost will rank out higher than those with lower than average costs. This way the State can identify the worst vehicles (from a cost standpoint) and make sure these are assigned the highest replacement priority.

Note that all State Patrol vehicles meeting the minimum criteria will be submitted; therefore State Patrol vehicles are not included in this ranking. State Patrol vehicles have unique utilization, performance, and safety needs that require replacement on a 4-year cycle.

Step 4. CNG Analysis: For the request, SFM identified all vehicles that could be replaced with a known CNG vehicle to maximize the number of CNG vehicles in the fleet. For model year 2016 Chevy will be offering a CNG "Bi-Fuel" full size sedan that is scheduled to be available for government fleets. This should secure more CNG orders going forward to replace existing sedans, provided the pricing is within statutory limits. The only other CNG sedan available in the past was the (Honda Civic GX) and it has been discontinued for model year 2016.

For all other CNG vehicle selections the location of the vehicle was not used as the "bi-fuel" CNG vehicles give the agencies more flexibility in where they are assigned. Location is important when assigning the new CNG vehicles, but it was not used to eliminate any vehicles off the suspect list. With the addition of the

2016 Chevy Impala CNG “bi-fuel” sedan, creating another methodology to select more CNG vehicles was not necessary for FY 2016-17. This is in alignment with SFM’s methodology of only replacing the “worst of the worst” (WOW) vehicles for this proposal.

Each year SFM conducts a CNG Vehicle Cost Analysis for awarded vehicles against their gasoline equivalents to ensure they are cost effective, and are within the 10% life cycle cost thresholds per S.B. 13-070.

Step 5. Further Considerations to Determine Final List: The State Fleet Management program does not operate in a static environment. Changes in the budgetary environment, evolving agency needs, historical funding patterns for the fleet, regulatory changes, legislative actions, and the impact of recent internal fleet initiatives can, and should, be taken into consideration in developing the final request for any given year.

- **State funding capabilities:** In any given year, it is impractical to replace all the vehicles necessary to maintain an optimal fleet, from a total cost of fleet perspective. When funds are scarce, it is especially important that the highest mileage vehicles that present immediate safety concerns are replaced so that the funds that are spent on the fleet can provide the optimal financial benefit to the State.
- **Impact of Fleet or Agency reduction initiatives:** Initiatives undertaken by State Fleet Management and individual agencies to reduce the total number of vehicles in the fleet can affect the replacement process in two ways. First, by reducing the overall size of the fleet, the percentage of optimal replacements necessary to maintain the fleet each year produces a smaller number of candidates. Second, a large number of vehicles leaving the fleet inevitably includes some of the worst vehicles in the fleet. These are also the same vehicles that should be the highest priority for replacement, and since they no longer need to be replaced, the number of requested replacements in that year might be reduced.
- **Prior year funding and replacement levels:** Reduced funding of replacements in previous years has put additional pressure on the fleet, and will require reasonable levels of replacements in subsequent years. With an average vehicle life of 10 years the State should be replacing approximately 1/10 of the non-CSP fleet or 550+ non-CSP vehicles each year. In recent years the replacement program was at a reasonable level (averaging 542 non-CSP vehicles per year). This level of replacement allowed for maintenance costs to remain relatively unchanged for the past two years.
- This year’s request represents vehicle replacements returning to near normal levels for the second year in a row. If all 711 vehicles are replaced, the maintenance and fuel savings is projected to be \$1,449,849.

Step 6: Economic Validation: The final step involves a financial analysis of the alternatives to make sure that the proposed replacements have a solid economic justification and represent an optimal financial decision for the State.

Additional Request Calculations

DPA Vehicle Replacement Lease/Purchase Line Item Calculation: Based on recommended replacement vehicles for FY 2016-17, the following table outlines the calculation of the (4) Central Services, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease/Purchase line item.

STATE FLEET LEASE LINE APPROPRIATION ANALYSIS			
SFM Lease Payments Due by COP Series and Trust Year	FY 15-16	FY 16-17	FY 17-18
TRUST 2007 (Exhibit B)	\$ 33,377	\$ -	\$ -
TRUST 2008 (Exhibit B)	\$ 1,075,215	\$ 490,953	\$ 424,747
TRUST 2009 (Exhibit B)	\$ 1,769,261	\$ 1,668,581	\$ 1,229,978
TRUST 2010 (Exhibit B)	\$ 1,231,286	\$ 1,094,333	\$ 1,044,754
TRUST 2011 (Exhibit B)	\$ 545,412	\$ 187,220	\$ 178,420
TRUST 2012 (Exhibit B)	\$ 2,091,464	\$ 716,981	\$ 295,668
TRUST 2013 (Exhibit B)	\$ 3,523,728	\$ 3,519,925	\$ 2,213,167
TRUST 2014 (Exhibit B)	\$ 3,535,417	\$ 3,535,417	\$ 3,470,592
TRUST 2015 (15 Pro-Ration includes Motor Pool leases)	\$ 1,702,988	\$ 1,702,988	\$ 1,702,988
TRUST 2016 (16 Pro-Ration includes Motor Pool leases)	\$ 853,926	\$ 4,140,756	\$ 4,140,756
TRUST 2017 (17 Pro-Ration includes Motor Pool leases) Pending	\$ -	\$ 879,805	\$ 4,296,029
Total Known Lease Payments Due	\$ 16,362,074	\$ 17,936,959	\$ 18,997,098
UNFORESEEN (Accident totals, denied repairs, etc.) @1.5%	\$ 245,431	\$ 269,054	\$ 284,956
ACCIDENT TOTALS (Known YTD)	\$ -	\$ -	\$ -
Total SFM Lease Spending Authority Need for FY 15-16	\$ 16,607,505	\$ 18,206,013	\$ 19,282,054
FY 15-16 APPROPRIATION			
Current Year Base Spending Authority (FY 15-16 Base)	\$ 17,439,929	\$ 17,439,929	\$ 17,439,929
Required Additional Spending Authority	\$ (832,424)	\$ 766,084	\$ 1,842,125

Letternote Adjustment: The FY 2016-17 request represents an acquisition cost of \$27.3 million to accommodate 711 replacement vehicles. Based on the request, the Department would like the letternote updated as follows: Pursuant to Section 24-82-801 (2) C.R.S., the Department of Personnel & Administration is authorized to enter into a lease-purchase agreement for the approved FY 2016-17 vehicle replacements and additions. The lease-purchase agreement shall be for a period of up to ten years and shall not exceed an amount over \$30,000,000.