2016-2017 BUDGET QUESTION

Response to Request for Information

DEPARTMENT: Fleet Services

REQUEST NO.: 152

REQUESTED BY: Houston

DATE REQUESTED: 8/9/16

DATE POSTED: 8/18/16

REQUEST: Please provide, in general, the type of metrics Fleet Services uses in determining to purchase a vehicle citywide.

RESPONSE:

Some factors used in determining the purchase of a vehicle are the mileage, age, and condition of a vehicle. These factors are determined during an inspection conducted by Fleet Services facilities staff and triggered by vehicle mileage/maintenance/repair cost data. Vehicles are not planned for purchase based solely on age. As an example, the following tables summarize the current age information available on FY 2017 planned acquisitions.

GENERAL FUND ACQUISITION				
# of Years Old	**# replace**	**Budget Cost**		**Years**
> 17 years	24	$1,047,000		prior to 1999
10-16 years	33	$6,501,000		2000-2006
5-9 years	137	$6,880,000		2007-2011
< 5 years	11	$319,000		2012-2014
New	53	$1,902,000		
ENTERPRISE FUND ACQUISITION				
# of Years Old	**# replace**	**Budget Cost**		**Years**
> 17 years	112	$6,840,500		prior to 1999
10-16 years	98	$7,774,000		2000-2006
5-9 years	33	$3,565,000		2007-2011
< 5 years	9	$1,440,000		2012-2014
New	35	$3,582,500		
Note: Enterprise list is an estimate				

Once a unit has been determined to be in need of replacement or purchase, Fleet Services works with using departments and the Office of Sustainability to consider the following factors.

- Operational/Business need
- Environmental impact (95% of all purchases should be alternative fuel/hybrid/electric)
- Fleet compatibility
- Anticipated lifecycle costs

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The following process is used to determine the purchase of vehicles for replacement.

Specifications: Fleet meets with the customer departments to go over the list to determine if the customer department still needs a replacement unit, and if so, any specifications or special needs they may have to meet their operational missions. Once this has been determined, Fleet along with the Sustainability Office work together to ensure that new purchases are in line with Council Resolution 20070215-023. With this resolution, the goal of new vehicle purchasing is to maximize the purchase of alternative fuel, hybrid, and electric vehicles, maximize the diversity of the fleet, maximize vehicle efficiency, and minimize lifecycle costs. The strategy is implemented through a two -step review process; first, a determination of operational need (qualitative) and second, a lifecycle cost analysis (quantitative). The Operational Need or qualitative assessment ensures that the vehicle or equipment is needed, that the vehicle being purchased meets the operational needs of the customer department, and that the vehicle purchased is the right size / class of vehicle to purchase or if an alternative / hybrid /electric is available for purchase. Next, the lifecycle cost or quantitative compares potential vehicles in terms of initial cost, lifetime fuel cost, environmental impact, maintenance cost, depreciation, and resale value. The Office of Sustainability completes an Annual Cost Benefits Analysis report that takes a snapshot of existing technology for differing vehicle classes that can be applied to all purchasing decisions.

Identification: Each vehicle as it enters the fleet is given an estimated useful life based on age, miles, fuel use, or in some cases regulatory requirements (i.e. Administrative sedan 100,000 miles); this criteria is entered into our asset management system and is tracked daily. When a vehicle reaches this milestone, an automated notification goes out to the customer department to bring the unit in for a replacement inspection.

Determination: When the vehicle/equipment is brought into the assigned shop for its replacement inspection, it is given a physical inspection for overall condition. Additionally, the shop manager will review the maintenance history including overall costs, downtime and any issues brought forward by the customer department. Upon completion of the inspection, the shop manager makes a determination as to whether the unit should be replaced or the life extended.

The following process is used to determine the purchase of additional vehicles.

Departments wishing to add to their fleet bring forward their “additional” vehicle needs based upon their operational need (i.e. new employees, special projects, annexations, Council directives etc.) and funding at the time we meet for replacements. Customer departments that require additional units also provide written justification (Form 1082), that includes the signatures of the Fleet Director, their department Financial Manager and Director and the ACM of the impacted department. After the request is approved, Fleet follows the same purchasing process as specified above for replacement vehicles.