Schedule 13
Funding Request for the FY 2014-15 Budget Cycle

Department: Department of Personnel & Administration

Request Title: Annual Fleet Vehicle Request

Priority Number: CP - 1

Dept. Approval by: Kristin F. Russell 10/17/13 Date

OSPB Approval by: [signature] 10/22/13 Date

☑ Decision Item FY 2014-15
☐ Base Reduction Item FY 2014-15
☐ Supplemental FY 2013-14
☐ Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	$18,014,816	$0	$18,197,990	$587,159	$587,159
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	GFE	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$18,014,816	$0	$18,197,990	$587,159	$587,159
	FF	$0	$0	$0	$0	$0
(4) Central Services (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase or Lease/Purchase	Total	$18,014,816	$0	$18,197,990	$587,159	$587,159
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	GFE	$0	$0	$0	$0	$0
	CF	$0	$0	$0	$0	$0
	RF	$18,014,816	$0	$18,197,990	$587,159	$587,159
	FF	$0	$0	$0	$0	$0

Letternote Text Revision Required? Yes: ☑ No: ☐ **If yes, describe the Letternote Text Revision:**

a) Pursuant to Section 24-82-801 (2) C.R.S., the Department of Personnel & Administrationis authorized to enter into a lease-purchase agreement for the approved FY 2014-15 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 $26,500,000.

Cash or Federal Fund Name and COFRS Fund Number: Fund 607 - Fleet Management

Reappropriated Funds Source, by Department and Line Item Name:
Approval by OIT? Yes: ☐ No: ☐ Not Required: ☑
Schedule 13s from Affected Departments: All departments that use the State fleet program. See attached.
Other Information:

Cost and FTE

- The Department of Personnel & Administration is requesting to replace 777 fleet vehicles (295 of which are Compressed Natural Gas vehicles), which will increase appropriations at state agencies by $2,271,687 in FY 2014-15. This will also require an increase of $587,159 Reappropriated Funds 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 2014-15.

Link to Operations

- 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 Fleet Management Program analyzes each vehicle on an annual basis to determine its replacement eligibility. This year, 2,127 vehicles were identified as potentially eligible. Due to budget and resource constraints, the Department has culled that list to include 777 vehicles in the direst need of replacement.

Consequences of Problem

- 196 of the vehicles requested for replacement through this request are for the Colorado State Patrol. These vehicles routinely travel at a high rate of speed under various conditions. Not replacing 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 777 state fleet vehicles, 295 of which are Compressed Natural Gas (CNG) vehicles. The incremental cost to State agencies is estimated to be $2,271,687 in total funds (incremental to S.B. 13-230 appropriations). The proposed solution is anticipated to save the State $1,137,092 between reduced maintenance costs and reduced fuel expense in FY 2014-15 alone.
- For this request, the non-CSP and CBI vehicles recommended for replacement through the fleet replacement methodology average 148,349 miles, with 23 exceeding 200,000 miles.

FY 2014-15 CHANGE REQUEST
Priority: CP-1 Annual Fleet Vehicle Request
Request Detail

Problem or Opportunity:

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

Fleet replacements were under-funded during fiscal years FY 2002-03 through FY 2003-04 when the State was also under severe budgetary constraints. This put significant upward pressure on maintenance expense (a 21% increase in maintenance cost per mile from FY 2001-02 through FY 2004-05), and this cutback in replacements also negatively impacted the reliability and safety of the fleet. During the following five fiscal years, the level of funding and number of replacements was returned to reasonable levels, and the maintenance cost per mile held relatively constant for those five years increasing only 0.2% from FY 2004-05 through FY 2008-09. An especially strong replacement budget in FY 2008-09, generated a reduction in cost per mile of 4.3% in FY 2009-10. With the budget actions of FY 2010-11 through FY 2012-13 that significantly curtailed vehicle replacements, the State has experienced increases in maintenance costs similar to the 21% increase noted above. Replacements for FY 2013-14 along with the proposed replacements for FY 2014-15 will allow maintenance costs to level off with very minimal (less than 1%) year over year increases. Using sound economic rationale for replacement decisions, the funding of consistent and reasonable levels of replacements is the most cost effective approach to fleet management, and will enable State Fleet Management to minimize future increases in vehicle maintenance and minimize the net impact to all fund sources.

As mentioned in the summary to this request, the Department's original analysis identified 2,127 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 the "worst of the worst" vehicles for FY 2014-15.

Proposed Solution:

The Department of Personnel and Administration is requesting to replace 777 vehicles in the State Fleet, 295 of which are Compressed Natural Gas (CNG) vehicles. To accomplish this, the Department will require an increase of $587,159 in Reappropriated Funds to its (4) Central Services, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase or Lease/Purchase line item. For individual State agencies, this request will require $2,271,687 in additional funding for the respective Vehicle Lease Payments appropriations. It should be noted that the original analysis that determines the vehicles that qualify for replacement identified 2,127 vehicles. However, due to budget constraints and the limited resources available to the Fleet Management Program, the Department has culled that list so that only the vehicles in the direst need of replacement have been requested. The remainder will be requested, as needed, in subsequent annual vehicle replacement requests.

The table below shows the replacement vehicles by department and type.

FY 2014-15 Summary of Requested Replacement Vehicles by Department			
Department	**Standard**	**CNG**	**Total**
Agriculture	2	10	12
Corrections	110	31	141
Education	1	0	1
Governor's Office	2	4	6
Health	7	2	9
Higher Education	23	21	44
Human Services	25	11	36
Judicial	6	4	10
Labor & Employment	3	7	10
Local Affairs	1	0	1
Military & Veterans Affairs	1	2	3
Natural Resources	40	106	146
Personnel	19	4	23
Public Safety	185	11	196
Regulatory Agencies	7	0	7
Revenue	15	11	26
Transportation	35	71	106
Total	482	295	777

Anticipated Outcomes:

If this request is funded, the State will maintain a fleet of vehicles that is sufficient to address the needs of its 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 address the State's desired intent 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 funds in maintenance costs than would otherwise be required to replace the vehicle.

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 2013-14 vehicle reconciliation performed by State Fleet Management, and a further estimated reconciliation of leases ending and increasing during the budget period. To these adjustments has been added the pro-rated impact of the requested vehicles.

For FY 2015-16, the Department has assumed continuation funding for the vehicles being replaced. This is because 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 2015-16 during the annual fleet supplemental in that request year.

Estimated State Agency Need

The Department estimated the projected need for State agencies in FY 2013-14 and FY 2014-15 by performing the following steps:

For FY 2013-14 refer to the Agency Lease Line Analysis for that year on page 6:

1) Begin with the appropriated (Line 1) and non-appropriated (Line 2) 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 2013-14 (Line 10).

6) Finally, line 11 of the table takes the difference between the calculated need for FY 2013-14 and the current appropriation. This is the incremental need for State agency appropriations in FY 2013-14 and serves as the base for determining FY 2014-15 total need.

The FY 2014-15 Agency Lease Line Analysis table is calculated the same way as the FY 2013-14 Agency Lease Line Analysis table. Line 12 of the FY 2014-15 Lease Line analysis table takes the adjusted FY 2013-14 appropriated spending authority and adds the payments for non-appropriated agencies (Line 13) to get to the total base funding (Line 14). To this, the following adjustments are made: the impact of FY 2013-14 leases ending on FY 2014-15 (Line 15), the annualization of FY 2013-14 leases approved for FY 2014-15 (Line 16), a reduction for leases ending in FY 2013-14 (Line 17), the FY 2014-15 costs for the replacement of the 777 vehicles (Line 18), and remaining payment obligations (Line 19). The actions above are aggregated into the Estimated FY 14-15 Statewide Need for FY 14-15 Replacement line, or Line 20. 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 2014-15 (Line 23). The FY 2013-14 appropriated amount is then subtracted from Line 23 to get the incremental need for State agencies (Line 24).

Summary of Appropriated Department Need for FY 2013-14		
Line	**Agency Lease Line Analysis**	**FY 2013-14**
1	FY 13-14 Base Long Bill Appropriation	$15,802,957
2	Non-Appropriated Vehicle Lease Payments*	$3,369,364
3	Total FY 13-14 Base Funding (All Agencies)	$19,172,321
4	Estimated Reduction to FY 13-14 Based on Current Lease Payments	($1,220,010)
5	Approved Additions (Prorated)	$81,188
6	Approved Replacements (Prorated)	$1,557,029
7	Leases Ending in FY 13-14 (impact to FY 13-14)	($417,198)
8	Estimated FY 13-14 Statewide Need After FY 13-14 Supplemental	$19,173,330
9	Non-Appropriated Vehicle Lease Payments*	($2,882,191)
10	**Net Appropriated Agency Need for FY 13-14**	**$16,291,139**
11	**Net FY 13-14 Estimated Increase from Current LB Appropriation**	**$488,182**

Summary of Appropriated Department Need for FY 2014-15		
Line	**Agency Lease Line Analysis**	**FY 2014-15**
12	FY 13-14 Estimated Need after Additions/Subtractions	$16,291,139
13	Non-Appropriated Vehicle Lease Payments*	$2,882,191
14	Total Estimated FY 13-14 Base Funding (All Agencies)	$19,173,330
15	Leases ending in FY 13-14 (impact on FY 14-15)	($1,895,016)
16	New FY 13-14 Leases annualized for FY 14-15	$2,504,738
17	Leases ending in FY 13-14 (impact on FY 14-15)	($681,760)
18	777 Vehicle Replacements for FY 14-15	$1,889,240
19	Remaining Payment Obligations	$244,880
20	Estimated FY 14-15 Statewide Need After FY 14-15 Replacements	$21,235,412
21	Net Statewide Increase Over FY13-14 Long Bill	$2,063,091
22	Non-Appropriated Vehicle Lease Payments*	($3,160,768)
23	**Net Appropriated Agency Need for FY 14-15**	**$18,074,644**
24	**Net Increase Over FY 13-14 Base Long Bill (Appropriated Agencies)**	**$2,271,687**

Detailed Analysis of Departmental Need

The following tables show the Department's detailed calculations regarding the need of individual agencies for FY 2013-14 and FY 2014-15 that tie to the values presented in the tables above.

Lease Line Reconciliation for FY 2013-14

Dept	Department or Division	Long Bill Vehicle Lease Payment Appropriation for FY 2013-14	12 CARS Monthly Billing for July 2013	Annualized Fixed Payments for FY 2013-14	Approved Additions Fixed Payments (Prorated) for FY 2013-14	Approved Replacements Fixed Payments (Prorated) for FY 2013-14	Vehicle Leases (Prorated) Ending by 6/30/14	*Projected Fixed Payments (incl Mgt Fees) for FY 2013-14	**Projected Variance from Appropriation for FY 2013-14
Long Bill Appropriated Agencies									
CDPS	EDO (Fire Safety & Criminal Justice)	128,858	11,237	170,394	-	2,388	(2,345)	170,437	41,579
CDPS	Colorado State Patrol (see note)	5,790,302	362,723	5,682,486	-	778,116	(233,854)	6,226,748	436,446
CDPS	CBI	269,849	20,964	262,243	-	28,230	(5,425)	285,048	15,199
CDPS	**CDPS Total**	**6,189,009**	**394,924**	**6,115,124**	**-**	**808,734**	**(241,624)**	**6,682,234**	**493,225**
DOAG	Agriculture	224,096	17,961	215,528	-	9,210	(662)	224,076	(20)
DOAG	Agriculture - State Fair	5,645	390	4,685	-	-	-	4,685	(960)
DOC	Corrections	3,098,328	205,536	2,803,261	69,960	118,331	(41,032)	2,950,520	(147,808)
DOE	Education	27,913	2,150	25,801	-	1,224	(573)	26,452	(1,461)
DOH	Public Health & Environment	257,112	25,575	306,904	-	11,121	(2,956)	315,069	57,957
DOHS	Human Services	1,180,354	88,342	1,133,403	-	60,257	(16,175)	1,177,485	(2,869)
DOLA	Local Affairs	67,276	6,608	79,291	-	3,644	(2,451)	80,484	13,208
DOLE	Labor and Employment	110,201	8,181	98,172	-	8,650	(3,208)	103,614	(6,587)
DOMA	Military Affairs	41,309	3,566	42,787	-	2,612	(1,910)	43,489	2,180
DONR	Natural Resources	3,462,996	253,819	3,135,640	11,228	263,088	(29,536)	3,380,420	(82,576)
DOR	Revenue	567,407	43,909	557,363	-	34,136	(15,147)	576,352	8,945
DORA	Regulatory Agencies	203,988	15,569	186,828	-	16,973	(4,418)	199,383	(4,605)
GOV	Governor's Office	85,197	7,472	89,660	-	5,401	(4,773)	90,288	5,091
DPA	Personnel & Administration (not MP)	84,173	6,319	91,286	-	1,762	(372)	92,676	8,503
DOL	Law	62,019	5,071	60,854	-	995	(911)	60,938	(1,081)
DOS	Secretary of State	3,345	256	3,071	-	-	-	3,071	(274)
JUD	Judicial - Public Defender	44,407	13,999	167,992	-	7,378	(4,660)	170,710	126,303
JUD	Judicial - Courts	88,182	8,517	102,199	-	9,974	(2,978)	109,195	21,013
Total Long Bill Appropriated Agencies		**15,802,957**	**1,108,162**	**15,219,847**	**81,188**	**1,363,490**	**(373,386)**	**16,291,139**	**488,182**
									488,182
Non Long Bill Appropriated Agencies									
DOT	Department of Transportation	2,345,827	162,922	1,955,061	-	122,862	(40,711)	2,037,212	(308,615)
DOHE	Higher Education Total	1,023,537	62,452	777,403	-	70,677	(3,101)	844,979	(178,558)
Total Non Appropriated Agencies		**3,369,364**	**225,373**	**2,732,464**	**-**	**193,539**	**(43,812)**	**2,882,191**	**(487,173)**
DPA Motor Pool (For Informational Purposes)			12,162	145,943		3,867	(1,627)	148,183	
Statewide Total (without Motor Pool)		**19,172,321**	**1,333,536**	**17,952,311**	**81,188**	**1,557,029**	**(417,198)**	**19,173,330**	**1,009**

Replacement Analysis for FY 2014-15										
Dept	Department or Division	**Projected Fixed Payments (incl Mgt Fees) for FY 2013-14	Payments Included in Current Year Not Needed in FY 2014-15	New Leases Annualized for Full Year in FY 2014-15	Leases (Prorated) for Leases Ending by 6/30/15	Base Need Without Requested Replacements	Replacement Leases Being Requested (Prorated)	FY15 Remaining Revenue	Total Need After Requested Replacements	Decision Item Figures for Agencies' Schedule 13
Long Bill Appropriated Agencies										
CDPS	EDO (Fire Safety & Criminal Justice)	170,437	(17,308)	4,776	(4,082)	153,823	$13,604	-	167,427	**38,569**
CDPS	Colorado State Patrol (see note)	6,226,748	(782,940)	778,116	(142,054)	6,079,870	$968,693	8,152	7,056,715	**1,266,413**
CDPS	CBI	285,048	(60,108)	56,460	(17,727)	263,673	$29,192	554	293,419	**23,570**
CDPS	**CDPS Total**	**6,682,234**	**(860,356)**	**839,352**	**(163,863)**	**6,497,367**	**1,011,489**	**8,706**	**7,517,562**	**1,328,553**
DOAG	Agriculture	224,076	(15,713)	18,420	(10,709)	216,074	17,720	1,282	235,076	**10,980**
DOAG	Agriculture - State Fair	4,685	-	-	-	4,685	4,954		9,639	**3,994**
DOC	Corrections	2,950,520	(264,752)	376,582	(127,374)	2,934,976	211,729	72,330	3,219,035	**120,707**
DOE	Education	26,452	(6,307)	2,448	(2,297)	20,296	1,024	-	21,320	**(6,593)**
DOH	Public Health & Environment	315,069	(24,220)	22,242	(18,040)	295,051	13,452	4,336	312,839	**55,727**
DOHS	Human Services	1,177,485	(75,609)	120,514	(61,489)	1,160,901	45,456	11,352	1,217,709	**37,355**
DOLA	Local Affairs	80,484	(7,955)	7,288	(1,837)	77,980	1,385	-	79,365	**12,089**
DOLE	Labor and Employment	103,614	(16,141)	23,720	(1,155)	110,038	13,388	-	123,426	**13,225**
DOMA	Military Affairs	43,489	(6,748)	5,224	-	41,965	4,290	781	47,036	**5,727**
DONR	Natural Resources	3,380,420	(214,700)	548,632	(139,638)	3,574,714	264,307	81,418	3,920,439	**457,443**
DOR	Revenue	576,352	(50,031)	68,272	(18,604)	575,989	36,834	7,023	619,846	**52,439**
DORA	Regulatory Agencies	199,383	(22,322)	33,946	(6,439)	204,568	10,091	3,148	217,807	**13,819**
GOV	Governor's Office	90,288	(14,318)	10,802	(2,194)	84,578	9,301	-	93,879	**8,682**
DPA	Personnel & Administration (not MP)	92,676	(4,096)	3,524	(23,113)	68,991	5,520	7,669	82,180	**(1,993)**
DOL	Law	60,938	(4,553)	1,990	(2,405)	55,970	-	-	55,970	**(6,049)**
DOS	Secretary of State	3,071	(2,543)	-	-	528	-	-	528	**(2,817)**
JUD	Judicial - Public Defender	170,710	(16,469)	14,756	(2,402)	166,595	6,700	4,883	178,178	**133,771**
JUD	Judicial - Courts	109,195	(14,891)	19,948	(1,474)	112,778	5,015	5,019	122,812	**34,630**
Total Long Bill Appropriated Agencies		**16,291,139**	**(1,621,724)**	**2,117,660**	(583,033)	**16,204,042**	**1,662,655**	**207,947**	**18,074,644**	**2,271,687**
					Variance to Long Bill for:		**FY 2013-14**		**2,271,687**	
Non Long Bill Appropriated Agencies										
DOT	Department of Transportation	2,037,212	(247,943)	245,724	(73,356)	1,961,637	164,295	36,431	2,162,363	**(183,464)**
DOHE	Higher Education Total	844,979	(25,349)	141,354	(25,371)	935,613	62,290	502	998,405	**(25,132)**
Total Non Appropriated Agencies		**2,882,191**	**(273,292)**	**387,078**	**(98,727)**	**2,897,250**	**226,585**	**36,933**	**3,160,768**	**(208,596)**
DPA Motor Pool (For Informational Purposes)		148,183	(20,706)	7,734	(11,018)	124,193	25,258	32,043	181,494	33,311
Statewide Total (without Motor Pool)		**19,173,330**	**(1,895,016)**	**2,504,738**	**(681,760)**	**19,101,292**	**1,889,240**	**244,880**	**21,235,412**	
					Variance to Long Bill for:		**FY 2013-14**		**2,063,091**	

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 2014-15. 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 specifies that a priority be placed on the replacement of vehicles model year 1996 and older as a means of improving fuel efficiency.

For FY 2014-15, this initial screen produced 2,127 potential candidates 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. This is the first qualifying criteria in the process, and vehicles that meet this criteria are passed to the next step.

Step 2. Manual Adjustments: Decisions on 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 candidate list to make sure the right vehicles are ultimately replaced. Due to customer concerns, a higher number of DPA motor pool vehicles are being requested due to high miles and condition of the vehicles compared to private sector rental fleets.

- **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 (>150,000):** 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. Compressed Natural Gas (CNG) Analysis: SFM identified all vehicles on the suspect list that could be replaced with a known OEM CNG vehicle, this maximizes the potential number of CNG vehicles. Only one vehicle type was not included and that was sedans. There is only one OEM CNG sedan available (Honda Civic GX) and it is a "dedicated" vehicle than can only be placed in areas where there is available fuel infrastructure, most of which are in the Denver metro area.

Sedans that made it through the worst of the worst (WOW) analysis were then looked up individually to confirm their assigned locations. Those sedans that were in areas with existing CNG infrastructure were then selected for CNG. For all other CNG vehicle selections the location of the vehicle was not used as the “bi-fuel” 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.

After all the vehicles were reviewed through the three steps of the evaluation to determine the worst of the worst (WOW) vehicles that should be replaced, SFM added a new evaluation criteria for the remaining CNG suspects that were not originally selected. The criteria required the vehicle to average more than 700 miles per month, and have 115,000 miles or more by May of 2015. SFM felt these parameters would ensure adequate CNG fuel consumption going forward, reasonable mileage at turn-in, and accelerate the number of vehicles designated for CNG replacement. As a result this added another 52 CNG vehicles to the list that would have otherwise not made the WOW replacement list.

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 typically 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, and most importantly, 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 a mileage criterion of 100,000 miles and average annual miles per vehicle of 13,000, (8 X 13,000 = 104,000) the State should be replacing approximately 1/8 of the non-CSP fleet or 600+ non-CSP vehicles each year. Fleet replacements experienced reduced funding during fiscal years FY 2002-03 through FY 2003-04 when the State was also under severe budgetary constraints. This put significant upward pressure on maintenance expense (a

21% increase in maintenance cost per mile from FY 2001-02 through FY 2004-05). Then from FY 2005-06 through FY 2008-09 the replacement program was back to a more reasonable level (averaging 566 non-CSP vehicles per year) and included all funding sources. This level of replacement allowed for maintenance costs to remain nearly level (less than 1% increase per year) although at a greatly increased base level due to the earlier costs in replacements. An unusually high number of replacements in FY 2008-09 actually generated a reduction in maintenance expense for FY 2009-10 of 4.3%. For the four years from FY 2009-10 through FY 2012-13 replacements were significantly below desired levels due to budgetary constraints and as a result maintenance costs rose dramatically. Last year (FY 2013-14) saw a return to normal replacement levels and as a result maintenance expenses for FY 2014-15 are expected to increase less than 1%.

This year's proposal is recommending vehicle replacements at near normal levels. As a result maintenance expenses in FY 2015-16 are expected to again increase at less than 1%.

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. For this request, the non-CSP & CBI vehicles recommended for replacement through the fleet replacement methodology average 148,349 miles, with 23 exceeding 200,000 miles. These same vehicles will average over 160,806 miles by FY 2015-16 and will be well into a very costly phase of their life cycle for work vehicles.

Calculation of Vehicle Lease, Purchase, or Lease/Purchase Need

STATE FLEET LEASE LINE APPROPRIATION ANALYSIS		
SFM Lease Payments Due by COP Series and Trust Year	**FY 2013-14**	**FY 2014-15**
COP 2006	$1,739,608	$871,450
TRUST 2007 (Exhibit B)	$1,480,475	$1,314,303
TRUST 2008 (Exhibit B)	$1,381,072	$1,247,015
TRUST 2009 (Exhibit B)	$2,424,479	$1,997,887
TRUST 2010 (Exhibit B)	$2,127,228	$1,395,128
TRUST 2011 (Exhibit B)	$1,516,489	$1,467,205
TRUST 2012 (Exhibit B)	$2,155,993	$2,155,993
TRUST 2013 (13 Pro-Ration includes Motor Pool leases)	$2,859,768	$3,194,386
TRUST 2014 (14 Pro-Ration includes Motor Pool leases)	$816,542	$3,904,570
TRUST 2015 (15 Pro-Ration includes Motor Pool leases) Pending	$0	$959,599
Total Known Lease Payments Due	**$16,501,654**	**$18,507,536**
UNFORESEEN (Accident totals, denied repairs, etc.) @1.5%	$247,525	$277,613
ACCIDENT TOTALS (Known YTD)	$0	$0
Total SFM Lease Spending Authority Need for FY14 & FY15	**$16,749,179**	**$18,785,149**
FY 13-14 APPROPRIATION		
Current Year Base Spending Authority (FY 13-14 Base)	$18,014,816	$18,197,990
Required Spending Authority Adjustment (over FY 13-14	**($1,265,637)**	**$587,159**

Schedule 13
Funding Request for the FY 2014-15 Budget Cycle

Department: Department of Personnel & Administration

Request Title: Camp George West Utilities Transfer

Priority Number: CP - 2

Dept. Approval by: Kristin Rozansky 10/18/13 Date

OSPB Approval by: 10/22/13 Date

☑ **Decision Item FY 2014-15**
☐ **Base Reduction Item FY 2014-15**
☐ **Supplemental FY 2013-14**
☐ **Budget Amendment FY 2014-15**

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
Total of All Line Items	Total	$4,900,852	$0	$5,166,776	($330,643)	($330,643)
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	GFE	$0	$0	$0	$0	$0
	CF	$290,276	$0	$290,276	$0	$0
	RF	$4,610,576	$0	$4,876,500	($330,643)	($330,643)
	FF	$0	$0	$0	$0	$0
(4) Central Services (D) Facilities Maintenance - Capitol Complex, Utilities	Total	$4,900,852	$0	$5,166,776	($330,643)	($330,643)
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$0	$0	$0	$0	$0
	GFE	$0	$0	$0	$0	$0
	CF	$290,276	$0	$290,276	$0	$0
	RF	$4,610,576	$0	$4,876,500	($330,643)	($330,643)
	FF	$0	$0	$0	$0	$0

Letternote Text Revision Required? Yes: ☐ No: ☑ **If yes, describe the Letternote Text Revision:**

Cash or Federal Fund Name and COFRS Fund Number: Fund 610 - Capitol Complex Fund

Reappropriated Funds Source, by Department and Line Item Name: Capitol Complex Leased Space line items in: Corrections, Transportation, Public Safety, Military Affairs, Colorado State University

Approval by OIT? Yes: ☐ No: ☐ **Not Required:** ☑

Schedule 13s from Affected Departments: See Attached.

Other Information:

COLORADO

Department of Personnel & Administration

Priority: CP-2
Camp George West Utilities Transfer
FY 2014-15 Change Request

Cost and FTE

- The Department of Personnel & Administration (DPA) is requesting that spending authority for Camp George West (CGW) utilities be transferred from its Utilities appropriation within the Capitol Complex Facilities (CCF) program to the agencies responsible for those utilities. This will result in an ongoing reduction to DPA's Reappropriated Fund spending authority of $330,643. Impacted agencies will transfer appropriations from their Capitol Complex Leased Space line item to their agency Operating or Utilities line items, as applicable, resulting in a cost neutral request statewide.

Current Program

- DPA's CCF program serves as an intermediary between Xcel Energy and individual agencies at CGW. Currently, DPA first receives and processes all utilities invoices (approximately 50 separate invoices per month), then processes monthly inter-agency billings for each agency.
- Agencies occupying space at Camp George West include Corrections, Correctional Industries, Military Affairs, Public Safety, Transportation, and Higher Education.

Problem or Opportunity

- DPA believes this process to be administratively inefficient in that the capability exists for each agency to receive and process their billings. This will eliminate a double-appropriation of funds.
- DPA's staff will be allowed to concentrate on providing more or better customer service if this duplicative administrative task, which currently takes six to eight hours per month, is eliminated.
- Utilities at CGW used to go through a single set of meters, which required the allocation of costs to all departments. Individual meters allow departments to monitor and pay for their own utilities.

Consequences of Problem

- DPA's program and accounting staff must spend time focusing on a duplicative process for no tangible benefit. The spending authority for these utilities is shown twice in the Long Bill.

Proposed Solution

- The proposed solution is to eliminate DPA as the intermediary for these utilities billings by having departments billed directly. The solution will free up DPA's program and accounting staff and allow them to focus on other customer-focused tasks.
- Managing their own utilities will provide impacted agencies with a greater awareness of their utility usage, and allow these agencies to better comply with Greening Government Executive Orders, initiate energy conservation measures, and have better control over their budgets for these items.

FY 2014-15 CHANGE REQUEST
Priority: CP - 2 Camp George West Utilities Transfer
Request Detail

Problem or Opportunity:

Currently, the Capitol Complex Leased Space common policy includes an electric and gas utilities pass-through allocation for all departments at the Camp George West location. The pass-through allocation requires the Department of Personnel & Administration to receive the 50 billings for the utilities for each of seven agencies for their separate buildings, reconcile the buildings to the individual users and enter them into our tracking sheets, process additional billings for each utility to the agency that generated that expense, create an inter-agency transfer (IT) through the accounting system to receive the money, reconcile the payments received from each agency, manually generate the checks due to the utility company, and submit them for payment. In addition to the work done at DPA, each department must also perform similar work once it receives the IT, so each invoice is essentially processed twice: once by the Department of Personnel and once by the department that occupies space. Because of the duplication of effort in this process, the Department is proposing that each department or agency at the Camp George West location be given the authority to pay their Xcel Energy utilities payments directly.

This payment process was put in place quite a few years ago when the utilities at Camp George West were metered at a single location and an allocation methodology had to be developed to split the costs among the many buildings and agencies. At that time, it made sense for the Department of Personnel & Administration to oversee the allocation methodology because it was responsible for the Capitol Complex Leased Space common policy. However, prior to calendar year 2000, Xcel Energy worked with the State to install separate meters for the buildings and services at the Camp George West site for individual metering, which makes billing by actual use to each agency possible.

Proposed Solution:

The Department of Personnel & Administration is proposing that the spending authority that it would normally request for gas and electric within its own appropriations, $330,643 Reappropriated Funds for FY 2014-15, be transferred to the individual departments so that they may manage their own utilities expenses at the Camp George West facility. Depending upon the agencies' requests, the spending authority should be placed in either a utilities line item or an operating expenses line item with a corresponding reduction to the agencies' Capitol Complex Leased Space line items, and the utilities bills will be sent directly to those agencies for payment beginning July 1, 2014. This solution will eliminate the duplication of effort, and the potential for error, generated by the dual accounting processes that occur at DPA and the other agencies at the Camp George West site for utilities payments.

The Department considered allowing the current process to continue without any change. This would have maintained the status quo for the utilities request within the Capitol Complex Leased Space common policy, but would not allow for the efficiency of eliminating the dual processes. For that reason, and the fact that this request will allow each agency the ability to manage their own utilities appropriations, the Department believes that submitting this request is the ideal solution. Please see the *Assumptions and*

Calculations section of this request and the corresponding Schedule 13s from the respective agencies for the impact of this request.

Anticipated Outcomes:

If this request is approved, the State will realize an additional efficiency in the process associated with utilities payments at Camp George West. This efficiency will allow DPA the ability to concentrate on other tasks that would generally take priority over this administrative function with the six to eight hours this solution will free-up on a monthly basis.

The transfer of spending authority and the responsibility of making utilities payments will drive a very minor increase in workload for the other departments impacted by this request but the impact can be absorbed within existing resources. The impacted agencies will be responsible for monitoring utilities usage and the associated budget, and for processing payments; however these agencies already manage other facilities so they have established budgeting and accounting processes, mechanisms, and staff in place to manage this function. Having a greater awareness of their utility usage will allow these agencies to better comply with Greening Government Executive Orders, initiate energy conservation measures, and have better control over their budgets for these items.

Assumptions and Calculations:

The Department of Personnel & Administration is requesting that the amount that is being requested for Camp George West utilities through the FY 2014-15 Capitol Complex Leased Space common policy instead be appropriated to the agency that generated the anticipated expense. The following table shows how much each agency will be appropriated if this request is approved.

Table 1: Camp George Projected FY 2014-15 Allocation			
Department	**Electric**	**Gas**	**Total**
Corrections	*$49,812*	*$25,603*	*$75,415*
Correctional Industries	*$8,331*	*$10,370*	*$18,701*
Corrections Total	$58,143	$35,973	$94,116
Transportation	$27,603	$11,499	$39,102
Public Safety	$112,489	$49,119	$161,608
Military Affairs	$24,583	$8,382	$32,965
CSU/CAEE	$999	$1,853	$2,852
Total	**$223,817**	**$106,826**	**$330,643**

The estimates presented above are based upon actual usage in FY 2012-13 with growth factors of six percent, five percent, and three percent applied to electric, natural gas, and water & sewer, respectively. The costs are broken out by agency per their actual usage in FY 2012-13. For detailed calculations, please refer to the FY 2014-15 Capitol Complex Leased Space common policy request.