

Schedule 13
Funding Request for the FY 2015-16 Budget Cycle

Department of Personnel & Administration

Request Titles CP-01 Annual Fleet Request

Dept. Approval By:

[Signature]

☐ Supplemental
☒ Change Request FY 2015-16
☐ Base Reduction FY 2015-16
☐ Budget Amendment FY 2015-16

OSPB Approval By:

[Signature]

Line Item Information		FY 2014-15		FY 2015-16		FY 2016-17
		FY 2014-15 Appropriation	Supplemental Request	Base Request	FY 2015-16 Funding Request	Continuation Amount
	Total	\$19,031,173	\$0	\$19,149,719	(\$98,868)	(\$98,868)
	FTE	-	-	-	-	-
Total of All Line Items	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$19,031,173	\$0	\$19,149,719	(\$98,868)	(\$98,868)
	FF	\$0	\$0	\$0	\$0	\$0
04. Central Services - Vehicle Replacement Lease/Purchase	Total	\$19,031,173	\$0	\$19,149,719	(\$98,868)	(\$98,868)
	RF	\$19,031,173	\$0	\$19,149,719	(\$98,868)	(\$98,868)

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 & Administration is authorized to enter into a lease-purchase agreement for approved FY 2015-16 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.

Cash or Federal Fund Name and CORE Fund Number:

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes ☐ No ☐ Not Required: ☒

Schedule 13s from Affected Departments:

Other Information:



COLORADO

Department of Personnel & Administration

Priority: CP-01
Annual Fleet Vehicle Request
FY 2015-16 Change Request

Cost and FTE

- The Department of Personnel & Administration is requesting to replace 751 fleet vehicles (301 of which are designated as potential Compressed Natural Gas (CNG) vehicles), which will require an increase of \$1,452,298 in appropriated funds for all state agencies' vehicle lease payment appropriations, and a decrease of \$98,868 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 2015-16.

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, 2,081 vehicles were identified as potentially eligible. Due to budget and resource constraints, for FY 2015-16 the Department has included 751 replacement vehicles, in the most critical need of replacement.

Consequences of Problem

- Replacement vehicles for the Colorado State Patrol represent 59 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 751 state fleet vehicles, 301 of which are CNG vehicles. The incremental cost to State agencies is estimated to be \$1,452,298 total funds.
- The proposed solution is anticipated to save the State \$802,316 between reduced maintenance costs and reduced fuel expense in FY 2015-16 as compared to the FY 2014-15 appropriation.
- For this request, the non-CSP and CBI vehicles recommended for replacement through the fleet replacement methodology average 150,030 miles, with 32 vehicles exceeding 200,000 miles.



COLORADO

Department of Personnel & Administration

FY 2015-16 Funding Request | November 1, 2014

John W. Hickenlooper
Governor

Kathy Nesbitt
Executive Director

Department Priority: CP-01

Request Detail: Annual Fleet Vehicle Request

Summary of Incremental Funding Change for FY 2015-16	Total Funds
Annual Fleet Vehicle Request - DPA	(\$98,868)
Annual Fleet Vehicle Request – Agency Appropriations	\$1,452,298

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 2,081 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 751, or the "worst of the worst" vehicles for FY 2015-16.

Proposed Solution:

The Department of Personnel & Administration requests 751 replacement vehicles for the State Fleet, including 301 CNG eligible vehicles. To accomplish this, the Department will require a decrease of \$98,868 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 \$1,452,298 in additional funding for the respective Vehicle Lease Payments appropriations. Replacing 751 vehicles in FY 2015-16 will reduce SFM's projected maintenance and fuel costs by \$802,316. The following table shows the number of requested replacements by agency and vehicle type:

FY 2015-16 Summary of Requested Replacement Vehicles by Department			
Department	Standard	CNG	Total
Agriculture	3	2	5
Corrections	70	53	123
Governor's Office	1	2	3
Health	13	2	15
Higher Education	41	38	79
Human Services	23	13	36
Judicial	0	3	3
Law	1	2	3
Labor & Employment	2	3	5
Local Affairs	4	1	5
Military & Veterans Affairs	1	1	2
Natural Resources	32	77	109
Personnel	6	12	18
Public Safety	194	34	228
Regulatory Agencies	5	0	5
Revenue	14	10	24
Transportation	40	48	88
Total	450	301	751

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 751 vehicles are replaced, the maintenance and fuel savings is projected to be \$802,316.

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 2014-15 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 2015-16, 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 2015-16 during the annual fleet supplemental in the request year.

Estimated State Agency Need

The Department estimated the projected need for State agencies in FY 2014-15 and FY 2015-16 by performing the following steps, as shown in the Summary of Appropriated Department Need tables:

Summary of Appropriated Department Need for FY2014-15		
Line	Agency Lease Line Analysis	FY 2014-15
1	FY 14-15 Base Long Bill Appropriation	\$17,709,107
2	Non-Appropriated Vehicle Lease Payments	\$2,484,648
3	Total FY 14-15 Base Funding (All Agencies)	\$20,193,755
4	Estimated Reduction to FY 14-15 Based on Current Lease Payments	(\$1,508,035)
5	Approved Additions (Prorated)	\$6,194
6	Approved Replacements (Prorated)	\$1,639,569
7	Leases Ending in FY 14-15 (impact to FY 14-15)	(\$283,468)
8	Estimated FY 14-15 Statewide Need After FY 14-15 Supplemental	\$20,048,015
9	Non-Appropriated Vehicle Lease Payments	(\$2,831,994)
10	Net Appropriated Agency Need for FY 14-15	\$17,216,021
11	Net FY 14-15 Estimated Increase from Current LB Appropriation	(\$493,086)

- 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 2014-15 (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 2014-15 and serves as the base for determining FY 2015-16 total need.

The FY 2015-16 Agency Lease Line Analysis table is calculated the same way that the FY 2014-15 Agency Lease Line Analysis table. Below is the calculation and a description of the calculation steps for FY 2015-16:

Summary of Appropriated Department Need for FY2015-16		
Line	Agency Lease Line Analysis	FY 2015-16
12	FY 14-15 Estimated Need after Additions/Subtractions	\$17,216,021
13	Non-Appropriated Vehicle Lease Payments*	\$2,831,994
14	Total Estimated FY 14-15 Base Funding (All Agencies)	\$20,048,015
15	Leases ending in FY 14-15 (impact on FY 15-16)	(\$1,407,074)
16	New FY 14-15 Leases annualized for FY 15-16	\$2,469,585
17	Leases ending in FY 15-16	(\$1,033,314)
18	751 Vehicle Replacements for FY 15-16	\$2,016,708
19	Remaining Payment Obligations	\$324,371
20	Estimated FY 15-16 Statewide Need After FY 15-16 Replacements	\$22,418,291
21	Net Statewide Increase Over FY14-15 Long Bill	\$2,224,536
22	Non-Appropriated Vehicle Lease Payments*	(\$3,256,886)
23	Net Appropriated Agency Need for FY 15-16	\$19,161,405
24	Net Increase Over FY 14-15 Base Long Bill (Appropriated Agencies)	\$1,452,298

- 1) Add Line 12 of the FY 2015-16 Lease Line analysis table to the adjusted FY 2014-15 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 2014-15 leases ending on FY 2015-16 (Line 15)
 - b. the annualization of FY 2014-15 leases approved for FY 2015-16 (Line 16)
 - c. a reduction for leases ending in FY 2015-16 (Line 17)
 - d. the FY 2015-16 costs for the replacement of the 751 vehicles (Line 18)
 - e. remaining payment obligations (Line 19).
- 3) The actions above are aggregated into the Estimated FY 2015-16 Statewide Need for FY 2015-16 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 2015-16 (Line 23).
- 5) The FY 2014-15 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 2014-15 and FY 2015-16 that tie to the values presented in the tables above.

Lease Line Reconciliation for FY 2014-15

Dept	Division	Long Bill Vehicle Lease Payment Appropriation for FY 2014-15	12 CARS Monthly Billing for June 2014	Annualized Fixed Payments for FY 2014-15	Approved Additions Fixed Payments (Prorated) for FY 2014-15	Approved Replacements Fixed Payments (Prorated) for FY 2014-15	Vehicle Leases (Prorated) Ending by 6/30/15	Projected Fixed Payments (incl Mgt Fees) for FY 2014-15	Projected Variance from Appropriation for FY 2014-15
Long Bill Appropriated Agencies									
CDPS	EDO (Fire Safety, Criminal Justice,	254,001	11,097	234,482	-	12,382	(3,631)	243,233	(10,768)
CDPS	Colorado State Patrol (see note)	6,526,053	482,519	6,329,641	-	828,361	(52,483)	7,105,519	579,466
CDPS	CBI	416,940	19,671	261,419	-	11,847	(10,247)	263,019	(153,921)
CDPS	CDPS Total	7,196,994	513,287	6,825,542	-	852,590	(66,361)	7,611,771	414,777
DOAG	Agriculture	247,224	17,673	212,079	-	17,721	(3,566)	226,234	(20,990)
DOAG	State Fair	9,638	582	6,978	-	4,953	(341)	11,590	1,952
DOC	Department of Corrections	3,272,093	212,247	2,788,321	-	195,509	(45,089)	2,938,741	(333,352)
DOE	Department of Education	21,083	1,555	18,657	-	1,024	(235)	19,446	(1,637)
DOH	Department of Health	314,541	25,464	305,565	-	12,135	(5,034)	312,666	(1,875)
DOHS	Department of Human Services	1,256,592	90,597	1,138,299	-	45,456	(37,974)	1,145,781	(110,811)
DOLA	Local Affairs	79,365	6,045	86,116	-	1,385	(1,837)	85,664	6,299
DOLE	Labor and Employment	122,159	7,078	84,941	-	12,133	(937)	96,137	(26,022)
DOMA	Military Affairs	47,687	3,294	39,524	-	4,290	-	43,814	(3,873)
DONR	Natural Resources	3,902,389	264,579	3,349,770	-	200,736	(38,909)	3,511,597	(390,792)
DOR	Department of Revenue	595,416	46,229	556,951	-	32,977	(15,308)	574,620	(20,796)
DORA	Regulatory Agencies	224,605	18,109	227,919	-	10,091	(6,439)	231,571	6,966
GOV	Economic Development	90,064	6,810	81,722	-	7,875	(2,194)	87,403	(2,661)
DPA	Dept of Personnel (not MP)	69,206	6,292	75,505	-	4,264	-	79,769	10,563
DOL	Attorney General	55,970	4,845	59,660	6,194	-	(2,773)	63,081	7,111
DOS	Secretary of State	528	256	3,071	-	-	-	3,071	2,543
JUD	Public Defender	112,755	7,598	91,176	-	6,700	(1,167)	96,709	(16,046)
JUD	Courts	90,798	6,162	73,947	-	3,145	(737)	76,355	(14,443)
Total Long Bill Appropriated Agencies		17,709,107	1,238,701	16,025,744	6,194	1,412,984	(228,901)	17,216,021	(493,086)
Non Long Bill Appropriated Agencies									
DOT	Department of Transportation	1,673,598	158,054	1,983,972	-	164,295	(49,843)	2,098,424	424,826
DOHE	Higher Education Total	811,050	52,661	676,004	-	62,290	(4,724)	733,570	(77,480)
Total Non Appropriated Agencies		2,484,648	210,715	2,659,976	-	226,585	(54,567)	2,831,994	347,346
DPA	Motor Pool		11,316	135,792		21,048	(2,564)	154,276	
Statewide Total (without Motor Pool)		20,193,755	1,449,416	18,685,720	6,194	1,639,569	(283,468)	20,048,015	(145,740)
		Change based on current billing: (1,508,035)							

Replacement Analysis for FY 2015-16

Dept	Division	**Projected Fixed Payments (incl Mgt Fees) for FY 2014-15	Payments Included in Current Year Not Needed in FY 2015-16	New Leases Annualized for Full Year in FY 2015-16	Leases (Prorated) for Lenses 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)	243,233	(9,100)	24,764	(755)	258,142	\$14,373	6,689	279,204	25,203
CDPS	Colorado State Patrol (see note)	7,105,519	(281,689)	828,361	(548,760)	7,103,431	\$1,046,521	9,940	8,159,892	1,633,839
CDPS	CBI	263,019	(40,379)	23,694	(12,204)	234,130	\$73,812	-	307,942	(108,998)
CDPS	CDPS Total	7,611,771	(331,168)	876,819	(561,719)	7,595,703	1,134,706	16,629	8,747,038	1,550,044
DOAG	Agriculture	226,234	(13,878)	35,442	(11,304)	236,494	8,252	8,099	252,845	5,621
DOAG	State Fair	11,590	(1,704)	9,906	-	19,792	-	-	19,792	10,154
DOC	Department of Corrections	2,938,741	(216,094)	391,018	(143,410)	2,970,255	217,659	77,473	3,265,387	(6,706)
DOE	Department of Education	19,446	(2,584)	2,048	-	18,910	-	-	18,910	(2,173)
DOH	Department of Health	312,666	(31,380)	24,270	(9,789)	295,767	23,729	18,608	338,104	23,563
DOHS	Department of Human Services	1,145,781	(129,967)	90,912	(74,882)	1,031,844	53,350	21,475	1,106,669	(149,923)
DOLA	Local Affairs	85,664	(10,696)	2,770	(211)	77,527	9,390	3,764	90,681	11,316
DOL	Labor and Employment	96,137	(11,388)	30,686	-	115,435	8,871	11,403	135,709	13,550
DOMA	Military Affairs	43,814	-	8,580	(9,145)	43,249	3,860	-	47,109	(578)
DONR	Natural Resources	3,511,597	(211,520)	401,472	(154,653)	3,546,896	217,008	109,273	3,873,177	(29,212)
DOR	EDO	574,620	(94,587)	65,954	(8,551)	537,436	34,186	2,164	573,786	(21,630)
DORA	Regulatory Agencies	231,571	(28,175)	20,182	(3,964)	219,614	6,436	-	226,050	1,445
GOV	Economic Development	87,403	(10,968)	15,750	-	92,185	5,034	-	97,219	7,155
DPA	Dept of Personnel (not MP)	79,769	-	8,528	-	88,297	8,991	559	97,847	28,641
DOL	Attorney General	63,081	(14,982)	12,388	(1,108)	59,379	4,068	7,835	71,282	15,312
DOS	Secretary of State	3,071	-	-	-	3,071	-	-	3,071	2,543
JUD	Public Defender	96,709	(5,835)	13,400	-	104,274	4,387	5,050	113,711	956
JUD	Courts	76,355	(3,685)	6,290	(925)	78,035	1,619	3,363	83,017	(7,781)
Total Long Bill Appropriated Agencies		17,216,021	(1,118,611)	2,016,415	(979,661)	17,134,164	1,741,546	285,695	19,161,405	1,452,298
					Variance to Long Bill for:	FY 2014-15			1,452,298	
Non Long Bill Appropriated Agencies										
DOT	Department of Transportation	2,098,424	(263,014)	328,590	(37,934)	2,126,066	144,806	26,356	2,297,228	198,804
DOHE	Higher Education Total	733,570	(25,449)	124,580	(15,719)	816,982	130,356	12,320	959,658	226,088
Total Non Appropriated Agencies		2,831,994	(288,463)	453,170	(53,653)	2,943,048	275,162	38,676	3,256,886	424,892
DPA	Motor Pool	154,276	(17,190)	42,096	(10,704)	168,478	22,479	11,020	201,977	47,701
Statewide Total (without Motor Pool)		20,048,015	(1,407,074)	2,469,585	(1,033,314)	20,077,212	2,016,708	324,371	22,418,291	
					Variance to Long Bill for:	FY 2014-15			2,224,536	

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 2015-16. 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 2015-16, this initial screen produced 2,081 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 (>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. 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 2015 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 is the (Honda Civic GX) and it is a "dedicated" vehicle than can only be placed in areas where there is available fuel infrastructure, mostly in the Denver metro area.

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 2015 Chevy Impala CNG “bi-fuel” sedan, creating another methodology to select more CNG vehicles was not necessary for FY 2015-16. 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 a mileage criterion of 100,000 miles and average annual miles per vehicle of 13,000, ($8 \times 13,000 = 104,000$) the State should be replacing approximately 1/8 of the non-CSP fleet or 600+ non-CSP vehicles each year. In recent years the replacement program was at a reasonable level (averaging 566 non-CSP vehicles per year). 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.
- This year’s request represents vehicle replacements returning to near normal levels for the second year in a row. If all 751 vehicles are replaced, the maintenance and fuel savings is projected to be \$802,316.

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 or Lease/Purchase Line Item Calculation: Based on recommended replacement vehicles for FY 2015-16, the following table outlines the calculation of the (4) Central Services, (C) Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase or Lease/Purchase line item.

STATE FLEET LEASE LINE APPROPRIATION ANALYSIS		
SFM Lease Payments Due by COP Series and Trust Year	FY 2014-15	FY 2015-16
TRUST 2007 (Exhibit B)	\$1,238,673	\$34,545
TRUST 2008 (Exhibit B)	\$1,222,805	\$1,111,486
TRUST 2009 (Exhibit B)	\$1,991,994	\$1,788,835
TRUST 2010 (Exhibit B)	\$1,391,249	\$1,231,286
TRUST 2011 (Exhibit B)	\$1,449,226	\$570,974
TRUST 2012 (Exhibit B)	\$2,121,499	\$2,115,031
TRUST 2013 (Exhibit B)	\$3,540,239	\$3,540,239
TRUST 2014 (14 Pro-Ration includes Motor Pool leases)	\$2,880,908	\$3,095,079
TRUST 2015 (15 Pro-Ration includes Motor Pool leases)	\$856,048	\$4,153,488
TRUST 2016 (16 Pro-Ration includes Motor Pool leases) Pending	\$0	\$1,008,974
Total Known Lease Payments Due	\$16,692,640	\$18,649,938
UNFORESEEN (Accident totals, denied repairs, etc.) @ 1.5%	\$250,390	\$279,749
ACCIDENT TOTALS (Known YTD)	\$0	\$0
Total SFM Lease Spending Authority Need for FY 14-15=	\$16,943,029	\$18,929,687
FY 14-15 APPROPRIATION		
Current Year Base Spending Authority (FY 14-15 Base)	\$19,028,555	\$19,028,555
Required Spending Authority Adjustment (over FY 14-15 Base)=	(\$2,085,526)	(\$98,868)

Letternote Adjustment: The FY 2015-16 request represents an acquisition cost of \$28.7 million to accommodate 751 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 2015-16 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.