



## **State Fleet Operations**

### **What does Fleet Operations do?**

Managed by the Department of Enterprise Services, Fleet Operations (formerly the state Motor Pool) oversees a fleet of more than 2,500 sedans, sport-utility vehicles, light trucks and vans. Hybrids account for more than half of the fleet.

### **Does Fleet Operations manage all state vehicles?**

No. Fleet Operations currently manages about 20 percent of all state vehicles.

The number of Fleet Operations-managed vehicles has grown since a directive from the Governor's Office in 2009 to consolidate vehicle fleets. At the time of the directive, the former Department of General Administration managed about 13 percent of vehicles that the state owned. Upon the completion of consolidation, Enterprise Services estimates it will manage about 4,000 vehicles, or 28 percent of vehicles owned by the state.

A number of large agencies, such as the departments of Transportation and Natural Resources, professionally manage their own fleets. Colleges and universities also manage their own vehicles.

### **Who manages vehicle purchases?**

Enterprise Services manages purchases for Fleet Operations. It also works with some agencies to help with their purchases. Agencies with professionally managed fleets manage their own purchases of vehicles available through state contracts.

### **How does the process work for buying vehicles?**

As the agency responsible for developing vehicle contracts for state agencies, Enterprise Services awards and administers vehicle contracts each model year. Awards are based on size classifications of vehicles. Only one manufacturer's vehicle from one dealer is awarded for each classification to ensure the best competitive price. Besides state dealer licensing requirements and equipment specification compliance, award criteria include consideration of:

- Base bid price
- Option pricing
- Prompt payment discounts
- Local sales tax differentials
- Fuel economy
- Resale value

### **How often are vehicles changed on the state contract?**

Vehicles are rebid annually. Enterprise Services manages this contract and bidding process. Agencies are asked about their specifications for vehicles, which are included in the bid process. To ensure fairness and transparency, a separate program from Fleet Operations handles the contract development, evaluation and award.

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### **Are there specific energy efficiency guidelines the state follows when purchasing vehicles?**

The state considers many factors when determining which vehicles to purchase, including:

- State and federal laws that require the state to purchase passenger vehicles meeting specific fuel and efficiency standards.
- Executive Order 05-01 that directs state agencies to give preference to purchasing hybrid vehicles.

The goal of these requirements is to help Washington establish a vehicle fleet that is less dependent on foreign oil, less affected by the volatility of fuel prices over time and has a smaller impact on air pollution.

### **What are the criteria for an agency to be allowed to purchase a more expensive sport-utility vehicle (SUV)?**

With the consolidation effort, Fleet Operations is seen as a leader in managing fleets as well as a service provider. In this role, the program works to appropriately influence customers' vehicle choices and has put guidelines in place to ensure agency 4X4 SUV purchases meet specific needs. Four-wheel drive vehicles can be justified only when the primary assignment of the vehicle is to operate on unimproved roads, off-road in mountainous terrain, or for immediate response in severe weather conditions for the safety of citizens or the environment.

### **Why continue to buy SUVs?**

Through fleet consolidation, Fleet Operations will be managing more fleets from the natural resources agencies, including Agriculture, Fish and Wildlife, and Ecology. These types of agencies require versatile, four-wheel drive vehicles for the type of work they do, often in remote and other challenging locations throughout the state.

### **How many SUVs does the state own now compared to five years ago?**

In January 2007, the former State Motor Pool owned and managed 462 SUVs, which was 31 percent of the entire fleet. Today, Fleet Operations owns and manages about 922 SUVs, which makes up 37 percent of the entire fleet. Over the last few years, Fleet Operations has been working more with natural resource agencies, which require off-road capability and room for equipment in the vehicles they use.

### **Does it make financial sense to use hybrids rather than gas-powered vehicles?**

Analyses of hybrid sedans continually demonstrate that they are more economical than gas-powered vehicles. Hybrids have a longer economic life than comparable non-hybrid vehicles, require less maintenance, and have a higher resale value.

To establish a comprehensive comparison of hybrids and gas-powered vehicles, Fleet Operations performs a lifecycle analysis on various vehicles to determine the cost per mile. (State-owned gas-powered sedans are typically retired at 100,000 miles, while hybrids are retired at 115,000 miles.) The analysis considers:

- Vehicle purchase price
- Taxes
- Financing costs
- Fuel efficiency
- Carbon emissions
- Maintenance costs
- Resale value

For example, as of January 2013, the total cost per mile over the lifecycle of a Chevrolet Malibu is 32 cents per mile while a Toyota Prius costs 28 cents per mile.

### **Does the state get the best value it can on vehicle purchases?**

The state considers a number of criteria before awarding a contract including:

- Base bid price
- Option pricing
- Prompt payment discounts

Fleet Operations' vehicles are financed using public bonds through the State Treasurer's office. The vehicles are purchased with those funds and Fleet Operations makes payments on those loans over seven years at a current interest rate of approximately 2.62 percent.

Currently, the state is able to buy a Ford C-Max at 9 percent and a Ford 150 truck pick-up at 29 percent below the manufacturer's suggested retail price.

### **Are electric vehicles available for purchase?**

Yes. The Nissan Leaf and Chevy Volt are available through the state contract. Only four purchases of the Volt have been made to date. More than 40 purchases have been made of the Leaf. All of the purchases for these two vehicles have been by cities and counties, none by state agencies.

Fleet Operations has not bought any of the new electric vehicles for state agency use because of their limited range.

### **If non-hybrids are now getting the same gas mileage as more expensive hybrid vehicles, why continue to buy them?**

Although the mpg for gas-only vehicles has increased, they still have yet to match that of the hybrids. Hybrids continue to perform better — 10 to 20 mpg on average. Maintenance costs and resale value have also proven better with the hybrids. Also, state agencies are limited to use what is on contract, and many manufacturers and dealerships do not choose to participate in the bidding process.

### **What is the efficiency in buying new vehicles?**

For every vehicle there comes a time when it is more economical in the long run to replace rather than repair. Due to higher maintenance costs, lower resale value and loss of employee productivity when a vehicle breaks down, vehicles need to be replaced regularly to maintain a safe, efficient and cost-effective fleet. A reliable fleet allows the state to conduct its business efficiently.

Fleet Operations has delayed purchases in recent years because of the state's economic situation. During this period vehicles have aged to the point where not replacing them will cost more in the future, both in purchase price and maintenance costs. In addition, the consolidation of agency fleets has identified improved practices for fleet purchases and maintenance.

### **How does the state fleet operation differ from a private rental car company?**

There are significant differences:

- A daily rental for a 100-mile trip in a hybrid sedan costs a Fleet Operations customer about \$45, compared to a \$64 charge for a similar trip from a well-known commercial rental car company.

- Fleet Operations keeps vehicles for anywhere from 100,000 to 145,000 miles, based on the type of vehicle. Rental car companies generally retire their vehicles at 25,000 -40,000 miles.
- In addition to daily rentals, Fleet Operations manages agency fleets by tracking mileage and maintenance schedules for them.
- The customer base is significantly different. Rental car customers typically want the most recent vehicle available within different vehicle categories. This results in a more rapid churning of the fleet. As noted above, state Fleet Operations retains vehicles for longer lifecycles to ensure maximum use and value of taxpayer dollars.

### **What is the status of the vehicle consolidation?**

Following a Governor's Office directive for state government to share services and improve efficiency, Fleet Operations is in the process of consolidating all state vehicles not within professionally managed fleets. By consolidating an existing fleet, agencies can reassign resources currently devoted to:

- Disposing of and replacing worn-out vehicles
- Gathering and reporting sustainability data
- Managing fuel cards
- Paying fuel, maintenance and repair bills

As of October 2012, Fleet Operations eliminated 262 vehicles from service, and expects a total reduction of 500 as a result of the consolidation.

### **What has the state done to curtail costs of the fleet?**

Besides delaying purchases in recent years, Fleet Operations has also adjusted the length of time it retains vehicles and has increased its fleet composition to include more hybrid vehicles. The hybrids – the Prius in particular – have shown to use less fuel, have lower maintenance costs, higher resale value and significantly less pollutant emissions. Through the consolidation of state fleets, Fleet Operations will be better able to share vehicles across agencies, which will reduce the number of vehicle purchases.

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