



# Temporary Rate for Fully Depreciated Fleet Vehicles -Q&A

## 1. Why is DES proposing a temporary rate reduction?

Due to recent spending freezes, pandemic-related delays, and global supply chain shortages, some vehicles in the state fleet are operating beyond our standard seven-year replacement cycle. Many of these vehicles have already recouped their full depreciation, interest, and salvage costs. This temporary rate reduction ensures agencies aren't paying for costs that no longer apply, while still covering essential operational expenses. In alignment with the Governor's current directive establishing a spending freeze, this reduced rate will remain in effect only while the freeze is active. Once vehicles become eligible for replacement or the freeze is lifted, the temporary rate will no longer be available.

## 2. How will the new rate be calculated?

The new temporary rate will:

- **Remove** the depreciation and interest components from the base fee.
- **Continue** to include the per-mile maintenance/fuel fee and the administrative fee.

## 3. Which vehicles will qualify?

Only vehicles that DES has deemed eligible and:

- Have fully recouped their depreciation, interest and salvage costs.
- Remain in service because DES has not yet approved a replacement due to the spending freeze.
- Are still leased to the same agency.

DES will identify eligible vehicles semiannually and notify agencies directly.

## 4. What costs will DES cover under this new rate?

DES will continue to cover normal wear-and-tear expenses (e.g., routine maintenance, minor repairs) that are absorbed by the annual per \_mile maintenance costs for these vehicles. Larger repairs that fall outside of this will be evaluated on a case-by-case basis and may be subject to agency chargeback.

## 5. What costs will the agency be responsible for?

For vehicles eligible for the temporary rate reduction. Agencies will be responsible for all major repairs outside of normal wear and tear, including but not limited to:

- Transmission replacement.
- Engine replacement.
- Other significant non-routine repairs that do not result in a mechanical total loss.

## 6. Will agencies need to sign anything?

Yes. Before the new rate is applied, agency heads must sign an acknowledgment agreement that outlines the conditions of the temporary rate reduction.

## 7. When will this change take effect?

The temporary rate reduction will be available starting January 1, 2026. Before the temporary rate reduction is implemented, agency heads must have a signed acknowledgement agreement on file with DES. DES is currently working to finalize the list of vehicles that are currently eligible for this temporary rate reduction. Once DES finalizes the list of eligible vehicles, DES will contact agencies with:

- The eligible vehicle(s)
- The required acknowledgment agreement.

Eligibility will be evaluated semiannually.

## 8. How does this benefit agencies?

- Immediate rate relief for eligible vehicles.
- Continued DES support for routine maintenance.
- Clear expectations for cost responsibilities.

## 9. Will this impact vehicle replacement timelines?

Perhaps. Vehicle replacement decisions will continue to be made by DES based on fleet condition, operational needs, and available resources. **NOTE:** Upon the removal of the statewide spending/purchasing freeze, DES anticipates greater demand for replacement vehicles. Such a demand may outpace vehicle availability thus altering traditional procurement timelines.

## 10. Are there any conditions to the temporary rate reduction?

The temporary rate reduction is not available for all vehicles. A vehicle's eligibility will be solely determined by DES.

Vehicles that are eligible for the temporary rate reduction are subject to the following conditions:

- **Vehicle specific rate** – Rates are specific to an eligible vehicle, as identified by DES. The rate cannot be transferred to any other vehicle.
- **Rate agreement-** For eligible vehicles, and before the new rate is applied, agency heads must sign an acknowledgment agreement that outlines the conditions of the temporary rate reduction. DES will monitor vehicle eligibility semiannually while the temporary rate is in effect.
- **Normal wear and tear coverage only** – DES will cover only normal wear and tear expenses that are absorbed by the annual per mile maintenance costs for these vehicles. Larger repairs that fall outside of this will be evaluated on a case-by-case basis and may be subject to agency chargeback.

- **Vehicle replacement**- DES retains sole discretion to replace a vehicle at any time for safety, fuel efficiency, environmental compliance (Executive Order 21-04), or operational needs. Upon a vehicle's replacement, the temporary rate reduction ends, and the replacement vehicle will be billed at the standard applicable rate.
- **Vehicle returns** – Customers must adhere to all DES vehicle return and replacement standards. If a customer refuses to return the vehicle, the temporary rate reduction will be suspended, and the vehicle will be billed at the standard lease rate.
- **Policy compliance** – Agencies must continue to meet all Statewide Transportation Policy requirements, including annual utilization standards.

#### **11. Who can I contact with questions?**

Please contact us [DES Fleet](mailto:mpmail@des.wa.gov) at [mpmail@des.wa.gov](mailto:mpmail@des.wa.gov) for more information.