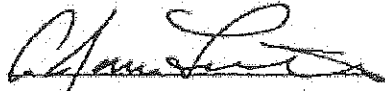


Schedule 13
Funding Request for the FY 2016-17 Budget Cycle

Department of Personnel & Administration

Request Title R-02 Fleet Re-alignment

Dept. Approval By:  Supplemental FY 2015-16
 Change Request FY 2016-17
 Base Reduction FY 2016-17
 OSPB Approval By: Erin K. B. / 10/28/15 Budget Amendment FY 2016-17

Summary Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$25,728,564	\$0	\$25,728,564	\$0	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$25,728,564	\$0	\$25,728,564	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2015-16		FY 2016-17	FY 2017-18	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$214,271	\$0	\$214,271	\$342,749	\$342,749
FTE		0.0	0.0	0.0	0.0	0.0
04. Central Services - Operating Expense	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$214,271	\$0	\$214,271	\$342,749	\$342,749
	FF	\$0	\$0	\$0	\$0	\$0

Total		\$25,514,293	\$0	\$25,514,293	(\$342,749)	(\$342,749)
FTE		0.0	0.0	0.0	0.0	0.0
04. Central Services - Fuel and Automotive Supplies	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$25,514,293	\$0	\$25,514,293	(\$342,749)	(\$342,749)
	FF	\$0	\$0	\$0	\$0	\$0

Letternote Text Revision Required?	Yes	No	X	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	Fund 6070, Fleet Management Fund			
Reappropriated Funds Source, by Department and Line Item Name:				
Approval by OIT?	Yes	No	Not Required:	X
Schedule 13s from Affected Departments:				
Other Information:				



COLORADO

Department of Personnel & Administration

Priority: R-02
Fleet Re-alignment
FY 2016-17 Change Request

Cost and FTE

- The Department is requesting to transfer \$342,749 in reappropriated funds spending authority from the Fuel and Automotive Supplies line item to the Operating Expenses line item within the Fleet Management Program and Motor Pool Services program. This request is budget-neutral.

Current Program

- Fleet Management Program and Motor Pool Services was created by the legislature to optimize the use of taxpayer dollars used in vehicle purchasing, maintenance, and fuel for the State and realizes significant savings by negotiating low cost, high volume contracts.

Problem or Opportunity

- Beginning with the FY 2013-14 budget (S.B. 13-230), the Operating Expenses appropriation of \$25,728,564 for Fleet Management Program and Motor Pool Services was divided into two separate line items in the Long Bill: Fuel and Automotive Supplies was provided \$25,514,293 and Operating Expenses was allocated the balance of \$214,271.
- When the split was performed, funding for auction fees associated with the disposal of vehicles and funding for motor pool program vehicle leases was placed in the Fuel and Automotive Supplies line item instead of the Operating Expenses line item. As a result there is insufficient funding in the Operating Expenses line item to pay for these duties.
- Operating expenditures for the Fleet program have exceeded the Operating Expenses appropriation in both FY 2013-14 and FY 2014-15. This issue is anticipated to continue until the appropriations are permanently adjusted.

Consequences of Problem

- For FY 2013-14 and FY 2014-15, the Department requested to transfer funds from the Fuel and Automotive Supplies line item to the Operating Expenses line item to prevent over-expenditures; both transfer requests were approved as they are considered "like purposes" by the State Controller's Office.
- If this request is not approved the program will continue to request transfers at the end of the fiscal year; however, if a transfer request is not approved, the Department may over-expend its Operating Expenses appropriation.

Proposed Solution

- This request is to transfer \$342,749 in reappropriated funds spending authority from the Fuel and Automotive Supplies line item to the Operating Expenses line item within the Fleet Management Program and Motor Pool Services program.
- Of this amount, \$142,749 will be used to pay the auction fees. This will allow for the disposal of an average of 636 vehicles per year.
- The remaining \$200,000 will be used to cover the fixed and variable costs of running the motor pool for the State.



COLORADO
Department of Personnel &
Administration

FY 2016-17 Funding Request | November 1, 2015

John W. Hickenlooper
Governor

June Taylor
Executive Director

Department Priority: R-02
Request Detail: Fleet Re-alignment

Summary of Incremental Funding Change for FY 2016-17	Total Funds	Reappropriated Funds
Fleet Re-alignment	\$0	\$0

Problem or Opportunity:

Beginning in FY 2013-14, the Operating Expenses appropriation for Fleet Management Program and Motor Pool Services was divided into two separate line items in the Long Bill: Fuel and Automotive Supplies and Operating Expenses. Prior to FY 2013-14 these line items were combined.

When this split was performed, two expenses that were previously being paid from the unit's combined Operating Expenses line item were inadequately funded. First, auction fees for disposing of used vehicles was extremely low in the year of the split; therefore, the portion left in the Operating Expenses appropriation was not adequately funded for the years when disposals increased to their historic levels. Second, funding to cover the unit's motor pool costs for leasing vehicles was transferred to the new Fuel and Automotive Supplies line item and is therefore now inappropriate to pay for motor pool vehicle leases. As a result, in FY 2013-14, Fleet Management Program and Motor Pool Services required a transfer of \$85,000 from the Fuel and Automotive Supplies line item to cover the projected over-expenditure in the Operating Expenses line item. Again, in FY 2014-15 the program required a transfer of \$342,000 from the Fuel and Automotive Supplies line item to cover a projected over-expenditure in the Operating Expenses line item. Both appropriations are operating lines, and the transfers were approved as they are considered "like purposes" by the Office of the State Controller.

At the time of the FY 2013-14 transfer the Department believed it was a one-time event, however, subsequent to the transfer it was determined that the split in the original appropriation under-estimated the true Operating Expenses need for Fleet Management Program and Motor Pool Services. The lines were split in a year when auction costs were extremely low. Since then, the economy has improved, and the Department has been replacing more vehicles than in the year the split was calculated. As a result, auction costs have increased, and are projected to increase further as the Department replaces a backlog of old vehicles accumulated during the economic downturn. This increased need could not have been factored into the amount that remained in the Operating Expenses appropriation (See Table 1).

Before the Operating appropriation was split, it also funded the Department's motor pool program vehicle leases. When the split was made, the costs of the motor pool leases were transferred into the Fuel and Automotive Supplies line item, but could not be paid from that line as it would not be appropriate since this is an operating expense. When payments for the motor pool's leased vehicles came due it required a transfer of funds to the Operating line item appropriation to pay them.

Proposed Solution:

The Department is requesting to transfer \$342,749 in reappropriated fund spending authority from the Fuel and Automotive Supplies line item to the Operating Expenses line item within the Fleet Management Program and Motor Pool Services program. This will better align the program Operating Expenses costs with available funding. Of the total amount that will be transferred, \$142,749 will be used to pay the auction fees on vehicle disposals. This will allow for the disposal of an average of 636 vehicles per year. This amount is based on the five highest years for vehicle disposals in the past 10 years. The Department is requesting the highest five year average as the economic downturn affected the replacements during the interim years, and the program is trying to return to historical replacement levels.

The remaining \$200,000 of the total amount will be used to cover the fixed and variable costs of running the motor pool for the State. For FY 2015-16 the Department projects it will spend \$181,871 in fixed and variable costs to manage the motor pool program. Moving \$200,000 to the Operating Expenses line item will allow for some flexibility in managing the program and provide additional funding for the inevitable cost increases.

This transfer of \$342,749 will allow Fleet Management the ability to pay for its routine operating expenses, pay for its motor pool leases, and to dispose of vehicles without resorting to completing an *Appropriation Transfer Authorization* request annually to address the misalignment. It will not affect service delivery, and does not impact the ongoing unit workload.

Anticipated Outcomes:

With this re-alignment of resources, the Department's Fleet Management Program and Motor Pool Services unit will have sufficient spending authority in its appropriations. This will result in less administrative burden associated with obtaining additional spending authority for lines that were based on aggregate prior year actual expenses and not future obligations.

Assumptions and Calculations:

The request is based on the five highest number of vehicles auctioned per year over the last 10 years multiplied by the auction fee cost per vehicle.

Table 1: Vehicle Auction Costs 10 Year Average and Highest 5 Year Average

Fiscal Year	Auction Fee, eBay - \$300	Auction Fee, Sealed Bids - \$135	Auction Fee, Direct Sale - \$0	TTL Sold	Total Auction Fee Costs
2005-06	361	120	12	493	124,500.00
2006-07	292	322	8	622	131,070.00
2007-08	335	235	12	582	132,225.00
2008-09	436	215	14	665	159,825.00
2009-10	395	317	21	733	161,295.00
2010-11	270	167	21	458	103,545.00
2011-12	75	87	8	170	34,245.00
2012-13	195	162	6	363	80,370.00
2013-14	272	181	12	465	106,035.00
2014-15	333	218	26	577	129,330.00
Average All				513	116,244.00
Average Highest 5				636	142,749.00