

## Issue Brief – Fleet Operations ISF – Fees

NUMBER CFAS-06-09

	FY 2006 Current	FY 2007 Proposed	Difference	FY 2007 # Units	Revenue Change
<b>SUMMARY</b>					
In accordance with UCA 63-38-3.5, the following fees are proposed for the services of the Division of Fleet Operations in FY 2007.					
<b>Motor Pool</b>					
Lease Rate					
FY 2004 contract price					
Less salvage value	17%	17%			
Divided by current adjusted lifecycle	Actual	Actual			
Plus Administration Fee (monthly per vehicle)	48.57	48.57			
Plus Fleet MIS Fee (monthly per vehicle)	2.25	2.25			
Plus AFV Fee (if light duty)	3.63	3.63			
Mileage Fee					1,216,000.00
Maintenance, repair and fuel cost divided by total miles by class (FY 2004 baseline)					
Equipment rate for Public Safety vehicles:	Actual	Actual			
*Effective for FY 2005, the cost of the standard police vehicle package includes factory installed wiring.					
Fees for agency owned vehicles (monthly)					
Seasonal MIS and AFV only	5.88	5.88			
MIS and work order processing	5.15	5.15			
Natural Resources reasonable overhead	5.88	5.88			
MIS and AFV only	5.88	5.88			
MIS only	2.25	2.25			
Daily Pool Rates: Percent of monthly lease rates	5%	5%			
Plus mileage rate					
Plus daily pool administration rates (per day)	8.05	8.05			
Divided by utilization	75%	75%			
Minimum Charge:	Half-Day	Half-Day			
Additional Management Fees (only assessed in operator abuse or neglect situations)					
Administrative Fee for Overhead	48.57	48.57			
Alternative Fuel Fee (light-duty only)	3.63	3.63			
Management Information System Fee	2.25	2.25			
Vehicle Feature and Miscellaneous Equipment Upgrade	Actual	Actual			

	FY 2006 Current	FY 2007 Proposed	Difference	FY 2007 # Units	Revenue Change
Vehicle Class Differential Upgrade	Actual	Actual			
Commercial Equipment Rental: Cost plus:	12.00	12.00			
Administrative Fee Do-not-replace vehicles (monthly)	50.82	50.82			
No show fee	12.00	12.00			
Late return fee	12.00	12.00			
Service fee	12.00	12.00			
DF-61 late fee (commute miles)	20.00	20.00			
General MP Information Research Fee (per hour)	12.00	12.00			
Refueling rate daily pool (per gallon)	2.00	2.00			
Non-fuel network use Processing Fee	12.00	12.00			
Lost or damaged fuel/maintenance card replacement fee	2.00	2.00			
Bad Odometer Research Fee (operator fault)	50.00	50.00			
Vehicle Detail Cleaning Service Fee	40.00	40.00			
Charged in extreme cases only.					
Vehicle Complaint Processing Fee	20.00	20.00			
Agency abuse and driver neglect cases only.					
Annual Commute Vehicle Processing Fee	12.00	12.00			
Premium Fuel Use Fee (per gallon)	.20	.20			
Excessive Maintenance, Accessory Fee	Varies	Varies			
Past 30-days late fee (accounts receivable): 5% of balance					
Past 60-days late fee (accounts receivable): 10% of balance					
Past 90-days late fee (accounts receivable): 15% of balance					
Accident deductible rate charged per accident	500.00	500.00			
Operator negligence and vehicle abuse fees:	Varies	Varies			
MIS & AFV Monthly Fee per Higher Ed vehicles	6.33	6.33			
Statutory Maintenance Non-Compliance Fee					
10 Days Late (per vehicle per month)	100.00	100.00			
20 Days Late (per vehicle per month)	200.00	200.00			
30+ Days Late (per vehicle per month)	300.00	300.00			
Operator Incentives					
Alternative fuel rebate (per gallon)	(0.20)	(0.20)			
<b>Fuel Network</b>					
Per gallon charge (greater than or equal to 60,000 gallons/yr)	.065	.065			
Per gallon charge at low volume sites (less than 60,000 gallons/yr)	.105	.105			
Per transaction fee (percentage of transaction value at all sites)	4%	4%			
Accounts Receivable Late Fees					
Past 30 days (percent of balance)	5%	5%			
Past 60 days (percent of balance)	10%	10%			

	FY 2006 Current	FY 2007 Proposed	Difference	FY 2007 # Units	Revenue Change
Past 90 days (percent of balance)	15%	15%			
<b>State Surplus Property</b>					
Process Fee for State Agencies Miscellaneous Property pick-up:					
Total Sales Proceeds (less prorated rebate of retained earnings)					
Miscellaneous Property pick-up/Process Fee for Exempt and					
Non State Agencies (plus 20% of sales price or as negotiated)	25.00	25.00			
Seized property (plus 20% of sales price)	25.00	25.00			
Vehicles and Heavy Equipment (percent of sales price)	9%	9%			
Default Auction Bids (percent of sales price)	10%	10%			
Labor (per hour – half hour minimum)	21.00	21.00			
Copy Rates (per copy)	.10	.10			
Semi Truck and Trailer Service (per mile)	1.08	1.08			
Two-ton Flat Bed Service (per mile)	.61	.61			
Forklift Service (4-6000 lb) (per hour)	23.00	23.00			
On-site sale away from USASP yard (percent of sales price)	10%	10%			
Maximum negotiable					
Storage					
Building (per cubic foot per month)	.43	.43			
Fenced lot (per square foot per month)	.23	.23			
Accounts Receivable Late Fees					
Past 30 days (percent of balance)	5%	5%			
Past 60 days (percent of balance)	10%	10%			
Past 90 days (percent of balance)	15%	15%			
<b>Federal Surplus Property</b>					
Federal shipping and handling charges: Generally not to exceed					
20% of federal acquisition cost plus freight/shipping charges					
Accounts Receivable Late Fees					
Past 30 days (percent of balance)	5%	5%			
Past 60 days (percent of balance)	10%	10%			
Past 90 days (percent of balance)	15%	15%			

**ANALYSIS**

The Mileage Rate, otherwise known as the Variable Rate, is driven by fuel and maintenance costs by vehicle class. Two factors are the primary drivers of the recommended rate increase for FY 2007:

1. Fuel price increases. As noted in the chart below, fuel prices in calendar year 2005 started at \$1.80 per gallon, spiked at \$2.98 per gallon, and ended at \$2.11 per gallon. Even with the decrease in fuel prices since the spike in September, today's retail price is 18 percent higher than a year ago. Fuel prices are expected to continue to be highly volatile in 2006 due to:
  - a. Mandated formulation changes
  - b. Loss or production capability
  - c. Unstable import supply sources
  - d. Growing demand worldwide

The state does not pay 44 cents per gallon in state and federal taxes; nevertheless the percentage changes in fuel prices are the same.

2. Negative Net Operating Income. The Motor Pool program's net operating income has been negative for the past three years:

FY 2001 Actual:	\$325,100
FY 2002 Actual:	\$525,700
FY 2003 Actual:	(\$1,625,000)
FY 2004 Actual:	(\$796,700)
FY 2005 Actual:	(\$425,400)

A rate increase authorized last year may help the program's operating income return to positive in FY 2006, depending on actual fuel prices. FY 2005's closing retained earnings was \$1.8 million, down from \$4.1 million in FY 2001.

The largest impact of the Mileage Rate increase is on the Department of Public Safety, at \$487,300. This is primarily associated with the police package full size sedan changing from \$0.21 to \$0.24 per mile, a 14% increase.

