

**State of Minnesota
Department of Transportation
Fleet Management Policy**

General Policy Statement:

The Minnesota Department of Transportation has a significant investment in its mobile equipment fleet. The acquisition value of the fleet of 12,000 units is \$190 million. Total fleet operating cost is approximately \$45 million per year. A resource of this magnitude has a great influence on the Department's overall efficiency. This fleet management policy reflects the Department's commitment to managing this resource.

Mn/DOT embarked on a heightened awareness of fleet management in 2002 following an external fleet management consultant's review and recommendations. Our current fleet management practices are being driven by a limited number of high level department fleet measures.

Mn/DOT Fleet Management Measures - 4 high level fleet management measures to drive good fleet management practices. They are:

- Age (vehicles older than life cycle)
- Utilization minimums
- Fleet size
- Downtime

Details of these measures can be found in:

**Mn/DOT Guidelines for Implementation of Fleet Management
- Assistant Commissioner Memo dated 7/30/2002**

I. Scope

A. Application of the Policy

This policy applies to the Department of Transportation (Mn/DOT), and covers vehicles operated and owned/leased/rented by the Department of Transportation.

This policy is not meant to supercede laws, rules, or regulations imposed by federal, state, or local government.

Other existing fleet and related policy that is also applicable:

Minnesota Department Of Administration Policy – Admin 99.1

Mn/DOT Guidelines for Implementation of Fleet Management
- Assistant Commissioner Memo dated 7/30/2002

Mn/DOT Travel Procedures Manual

Mn/DOT Equipment Operator's Manual

Mn/ DOT Take Home Vehicle Policy (Mn/DOT Policy # 3.20)

Mn/DOT Maintenance Bulletin 03-3 (Vehicle Assignment Guidelines)

Enforcement of this policy is the responsibility of the Department of Transportation. Each organizational unit within the department is responsible for policy enforcement. It is the responsibility of each unit to make employees aware of this policy, give employees guidance concerning this policy, and take appropriate corrective action should it be necessary.

II. Acquisition of Vehicles

A. Acquisition Criteria

The Department of Transportation recognizes the significant initial cost associated with vehicle acquisitions and the commitment to ongoing costs that a vehicle purchase represents. To manage this expense effectively all vehicle acquisition decisions must be examined carefully.

Mn/DOT sets aside a fixed equipment replacement budget to purchase new vehicles. This budget is further allocated out to the various districts and offices by using a needs-based methodology. Within this budget, districts and offices have freedom to add and replace existing vehicles. Controls are imposed through high level fleet management measures, such as age (replacement life cycle criteria), minimum utilization criteria, downtime, and fleet size.

B. Additions to the Fleet

Fleet additions are allowed along with fleet subtractions. Districts and offices make this call based on changing business needs. Business changes, such as a big increase or decrease in the construction program for a particular district can easily affect the need for additions or subtractions. Additions and subtractions are also primarily driven by utilization. Vehicles not meeting minimum utilization rates are candidates for subtraction. Conversely, extremely high utilization rates can justify fleet additions.

Changing business needs of short duration should not impact permanent fleet size. Short term equipment needs should be met through sharing across district/office lines or through outside short term rental/lease.

Again the equipment budget is fixed, so additions or fleet growth will negatively impact the district's ability to maintain good fleet measure targets, which are enforced.

C. Normal Replacement of Fleet Units

Normal replacement of fleet vehicles is done based primarily on age and utilization. Every vehicle classification has a set target life cycle age, which is used in determining normal replacement. Also vehicles not achieving minimum utilization are also targets for elimination without replacement. Other factors that influence replacements are high mileage, higher than average operating cost, obsolescence or changing business need. Business need also drives decisions to upgrade or downgrade particular vehicles. Controls again come from the department level fleet measures.

D. Casualty Replacement of Fleet Units

Accident or operator abuse damage that exceeds residual value will not be repaired. Replacement vehicles will be considered along with other vehicles that have reached normal life cycle.

Casualty losses due to mechanical failure will be examined for cause and possible vehicle, vehicle life cycle, or operational changes that may be necessary to avoid future casualty losses.

Casualty losses due to physical damage will be examined carefully as potential exists for liability expenses as well as workers compensation expenses. All casualty losses will be reported to the Department Safety Director or District Safety Administrator for possible further investigation.

Accidents and abuse will be looked at case by case, and appropriate employee accountability actions will be taken.

E. Vehicle Type Selection

Selection of an appropriate vehicle type is an essential part of cost effective fleet management. It is the objective of the Department to supply vehicles for employee use that are well suited to performing the work needing to be accomplished. Employee safety will be taken into account when acquiring vehicles.

Vehicle selection is determined by the district/office that has a business need for the vehicle. Aside from the controls of a fixed equipment budget, the fleet measures drive cost effective choices. With some classes of equipment, district/office freedom is specifically limited, however. For example, plow trucks have been standardized to consistent configurations and options. Also, many light duty vehicle options are not allowed, e.g. alloy wheels, leather seats, etc.. On specialized heavy equipment and off-road equipment standardization and controls are relaxed so that very specific business needs can be met.

Manufacturer ratings, including load carrying capacity and trailer pulling capacity, will be followed when developing vehicle specifications for acquiring vehicles.

All applicable State and Federal laws, rules, and regulations will be followed concerning vehicle type selection.

F. Vehicle Life Cycle Selection

Establishing an appropriate life cycle is an essential part of cost-effective fleet management. Mn/DOT recognizes the importance of establishing a life cycle for each vehicle at the time of acquisition.

Life cycles are established by class groupings of equipment. Mn/DOT has over 200 classes of equipment, each with its own given life cycle. This life cycle will be used in the planning of vehicle replacement. Age is not the sole determinant of replacement. Mn/DOT also uses other criteria such as usage (too high or too low) and changes in business need to establish particular replacement candidates.

G. Financing Considerations

Ownership through a cash purchase is Mn/DOT's preferred acquisition method. The major exception to this is short term vehicle rental which we do use to meet short term needs. Mn/DOT also uses a hybrid approach of internal leasing for a small portion of our fleet. In this case the Mn/DOT central office has a purchased pool of vehicles (mostly light duty pickups at this time) that they in-turn make available for lease to the districts and offices.

It is the objective of Mn/DOT to continuously review all our financing options to ensure cost effective financial decisions are made when acquiring new vehicles. Financial options including vehicle rental, vehicle leasing, and vehicle ownership will be examined when acquiring vehicles

H. Agency Acquisition Approval Process

Within each district/office, equipment acquisition decisions are the responsibility of the District Engineer or Office Director. In many cases this decision authority is delegated down to someone within the district/office. Any purchasing decisions that are not consistent with existing fleet management policy will be addressed by the department's Equipment Engineer. If the inconsistencies cannot be resolved at that level, they will be reviewed by the appropriate Division Directors for resolution.

I. Acquisition Process

All vehicles will be acquired in accordance with Minnesota state law. All purchasing laws, rules, and regulations will be followed.

III. Operation of Vehicles

A. Compliance with State and Federal requirements

Mn/DOT will operate vehicles in accordance with laws, rules, and regulations set forth by the local, state, and federal government.

Special consideration will be given to the operation of commercial vehicles. Commercial vehicle laws, rules, and regulations will be followed. Employees should consult their immediate supervisor or the Department Safety Office concerning licensing and/or operational questions regarding commercial vehicles.

It is an objective of Mn/DOT to operate all vehicles safely and according to the applicable laws, rules, and regulations. Fines and/or penalties resulting from improper use of a vehicle are the sole responsibility of the vehicle operator.

All employees operating Mn/DOT equipment shall adhere to the requirements of the Mn/DOT Travel Procedures Manual and the Mn/DOT Equipment Operator's Manual.

Employees will be held accountable for failure to comply with this policy.

B. Ethical Use

It is an objective of Mn/DOT to operate vehicles using the highest ethical standards. It is the intent of the Department to present a public image that is above any ethical question.

Mn/DOT vehicles may be used for authorized state business only.

Personal use of Mn/DOT vehicles is prohibited except where specifically allowed under Minnesota Statute 16B.55.

The Department will avoid any use of vehicles that may give the appearance of being unethical.

Employees should consult their immediate supervisor concerning any questions in this area.

C. Vehicle Utilization

Vehicle utilization will be aggressively monitored. Employees must enter all usage of equipment on their timesheets. Furthermore, odometer and hour meter readings are tracked at each fueling transaction, whether at a Mn/DOT site or a retail site. Minimum utilization targets are one of the key fleet measures that are used to assess our overall fleet management. Utilization drives replacement and fleet size needs.

D. Vehicle Markings

Vehicles owned or leased by Mn/DOT will be clearly marked as State of Minnesota vehicles unless specifically exempted from marking requirements by State law. Also, all Mn/DOT on-road vehicles will be identified by Minnesota State Vehicle license plates unless specifically exempted by State law.

E. Safety

It is an objective of Mn/DOT to operate vehicles safely. Vehicles will be operated in accordance with all traffic laws, rules, and regulations. Vehicles will not be operated in any fashion that may endanger any person or property. Seatbelts are to be worn by all occupants.

Operators must possess a valid driver's license of the appropriate class, with proper endorsements governing the vehicle being operated.

Questions concerning safe vehicle operating practices may be addressed to the Department Safety Director or District Safety Administrator.

Employees will be held accountable, and disciplined appropriately, for careless and unsafe operation of department motor vehicles.

F. Suitability for Work Use

Vehicles will be used in a manner that is consistent with the intended use of the vehicle. Vehicles will be operated in accordance with the manufacturer ratings and guidelines including load capacity and trailer pulling capacity. Employee and public safety are to be primary considerations when determining vehicle operational practices.

Operators are responsible for all required safety inspection checks and with all loading distribution and securing requirements for trucks and trailers.

G. Fuel

Vehicles are to be operated on the type and grade of fuel recommended by the manufacturer. Using a higher grade than required is an unnecessary fleet operating cost. Alternative fuels such as E85 will be used in flex-fuel vehicles when it is reasonably available and the net operating cost (cost of fuel along with fuel efficiency) is favorable.

Regular grade gasoline is recommended for use in nearly every gasoline-powered vehicle operated by the Department. The Department will use self-service fuel pumps when available.

Along with every fueling, equipment operators are required to enter the odometer or hour meter reading along with their employee driver identification number (DID).

H. Maintenance / Mechanical Repair

It is the objective of Mn/DOT to keep all vehicles maintained in safe operating condition. Employee and public safety are prime considerations in making vehicle maintenance and repair decisions.

Vehicle operators will bring vehicular defects to the attention of their immediate supervisor. Safety related defects will be corrected prior to continued use of the vehicle.

It is the operator's responsibility to assure that all equipment receives scheduled or "as required maintenance.

All operators of vehicles subject to Motor Carrier Safety Regulations shall be properly licensed and shall perform the required daily inspections.

The Mn/DOT Equipment Operator's Manual and Travel Procedures Manual should be consulted for more detailed operator requirements.

I. Physical Damage

It is an objective of Mn/DOT to operate vehicles that present a positive reflection of the Department to the public.

It is also an objective of the Department to promote safe work practices. Physical damage to a vehicle often results from unsafe work practices. Incidents involving physical damage to vehicles are to be reported to the Department Safety Director or District Safety Administrator for potential further investigation.

Employees must report any accident that occurred while possessing or operating a department vehicle, regardless of severity to their immediate supervisor. They must also complete a Mn/DOT accident report form within 24 hours of the accident.

Physical damage exceeding \$500 must be reported to the Department of Administration Risk Management Division. The Risk Management Division will assist with the necessary reporting, repair, and/or subrogation procedures.

J. State Liability

It is the intent of Mn/DOT to operate vehicles safely. Employee and public safety are very important to the Department. Safe vehicle operation is the primary preventive measure that can be used to help avoid incurring liability related vehicle expenses.

Vehicle operation involves a significant amount of potential liability. Vehicles will be insured for liability utilizing the program provided through the Department of Administration Risk Management Division.

Employees must report any accident that occurred while possessing or operating a department vehicle, regardless of severity to their immediate supervisor. They must also complete a Mn/DOT accident report form within 24 hours of the accident.

The Mn/DOT Equipment Operator's Manual and Travel Procedures Manual should be consulted for more detailed operator requirements.

IV. Replacement / Disposal of Vehicles

A. Retirement / Disposal

Vehicles reaching the end of their life cycle, will be candidates for disposal. Other conditions that come into play in ranking these candidates will be accumulated usage to date and the impact of changing business needs. Change of business need or low utilization will be considered for early disposal.

It is the intent of the Department to follow the laws, rules, and regulations concerning disposal of State property when retiring vehicles from service. This may include making surplus vehicles available for use by other agencies or governmental units.