



VERF and Fleet Plan Presentation Meeting

Thursday, May 29, 2025, at 1:00 PM

City Council Chambers, City Hall (10 3rd Ave SW)

Any person needing special accommodation for the meeting is requested to notify the City Clerk's office at 857-4752.

1. VEHICLE AND EQUIPMENT REPLACEMENT FUND AND FLEET
MANAGEMENT PLAN REVIEW

1.1. PRESENTATION AND DISCUSSION ON THE VEHICLE AND EQUIPMENT
REPLACEMENT FUND AND FLEET MANAGEMENT PLAN

A quorum of the City Council is expected to attend the presentation. City staff will present and discuss the VERF and Fleet Management Plan. This is informational only.

Fleet Management Plan

A Comprehensive Guide

Introduction

The Fleet Management Plan aims to enhance the City of Minot's vehicle and equipment fleet management and operations. This plan outlines each component and provides guidance for implementation, using a holistic and systematic approach. The plan applies to all city-owned and operated vehicles and equipment exceeding \$5,000 with a lifecycle of one year or greater, including both rolling stock and some stationary, non-self-propelled vehicles and equipment.

Objectives

- Determine the number and types of vehicles owned by each department and the purpose they serve
- Increase vehicle use and improve the efficiency of the City's fleet
- Reduce the cost of maintaining City vehicles
- Identify lower-cost alternatives to using City-owned vehicles and equipment
- Create opportunities for consolidating and "pooling" of vehicles (Motor-Pool program will be developed at a later date to allow for data gathering for justification on motor-pool size needs)

Fleet Composition, Costs, and Average Age by Department

(NOTE: Fleet Age Ranges from 1957 to 2025)

Row Labels	Count of Model	Sum of Purchase Cost	Average of Actual Life (Years)
AIRPORT	36	\$4,409,573.99	17
ASSESSOR	4	\$98,880.00	13
CEMETERY	16	\$303,542.49	14
ENGINEERING	9	\$256,148.65	12
FIRE CONTROL	29	\$5,114,536.80	14
GARBAGE COLLECTION	26	\$4,320,832.51	13
INFORMATION TECHNOLOGY	1	\$21,964.24	9
INSPECTION	8	\$219,708.04	11
LANDFILL	30	\$5,091,984.31	15
LIBRARY	1	\$5,381.94	7
PLANNING	3	\$72,611.63	10
POLICE ADMIN/PATROL/INVESTIG	55	\$2,260,299.84	7
PROPERTY MAINTENANCE	15	\$363,054.96	13
PUBLIC TRANSPORTATION	18	\$3,124,669.38	15
PUBLIC WORKS	6	\$193,054.15	9
SEWAGE PUMPING	29	\$1,966,082.35	13
SHOP	7	\$154,540.53	17
STORM SEWER MAINTENANCE	9	\$806,800.47	10
STREET	90	\$7,444,514.78	12
TRAFFIC	14	\$384,572.48	15
WATER DISTRIBUTION	28	\$1,906,523.88	10
WATER PLANT	14	\$448,693.00	18
Grand Total	448	\$38,967,970.42	12

Fleet Management Operations

The Fleet Manager/Superintendent oversees the City's fleet operations. Key responsibilities include:

- Creating and implementing the City Fleet Management Plan with approval from the City Council (*reviews completed annually*)
- Collecting and analyzing fleet data to inform decision-making
- Establishing, implementing, and monitoring fleet management guidelines
- Assisting other City department in the development of Capital Equipment budgetary reports
- Serving as a focal point of contact between departments and the City for fleet reporting and related responsibilities
- Developing contracts for the acquisition of all vehicles
- Providing fleet management support through publications, web pages, meetings, and other forms of communication
- Identifying and sharing best business practices for fleet management activities

- Overseeing the Fleet Evaluation Board (FEB), composed of one representative from each City Department

Fleet Evaluation Board (FEB)

FEB members are vital in vehicle replacement decisions. Representing each department, FEB members help develop the 1-N vehicle replacement list for the Council's annual budget, assist with out-of-cycle replacement requests, and decide on leasing versus procurement options.

Vehicle and Equipment Replacement Fund (VERF)

The VERF is an internal service fund established to facilitate the procurement and management of motorized rolling stock and equipment valued at over \$5,000, with a lifecycle exceeding one year. Funded by user and maintenance fees, the VERF aims to ensure the timely replacement of aging fleet vehicles, enhancing operational efficiency and cost-effectiveness. The program emphasizes strategic asset management, consolidating acquisition processes, and maintaining a sustainable fleet that meets the evolving needs of various departments.

User Fees

User fees are calculated to generate funds in the VERF for vehicle replacements. These calculations consider acquisition and upfit costs (adjusted for inflation), salvage costs, and a yearly defined inflation rate over the vehicle's lifecycle.

Lease Fees vs User Fees

When interest rates and lease terms are economically favorable to the City, both lease options and user fees will be evaluated to determine the most fiscally responsible and suitable method.

Maintenance/Hourly Usage Fees

These fees are collected annually based on predefined minimal usage or actual usage if in excess of the minimum usage requirement.

Fleet Policies

Bona Fide Need

Departments must justify vehicle replacements and new acquisitions. Each request should address the following questions to confirm the need:

- How does the vehicle help accomplish the core mission of the department?
- What services are provided through use of the vehicle?
- What is the primary function of the vehicle and how does this relate to the core function of the department?
- Is the vehicle complex-bound (Water plant, Landfill, Airport etc.)? If so, how many trips per day or days per month is the vehicle used?
- How many passengers per month are carried?
- How many trips per month are logged?
- What is the cost to rent a comparable vehicle for the same number of days or trips compared to the cost of ownership?

Vehicle Use Standards

Minimum use guidelines are established to ensure that departments are making optimal use of their vehicles. Specifically, vehicles with a primary purpose of carrying passengers (such as sedans, pickup trucks, vans, and law enforcement vehicles) are expected to be driven at least 5,000 miles annually. This helps identify vehicles that may not be fully utilized.

To support this, the Fleet Manager/Superintendent will provide departments with annual reports based on fleet data, highlighting any vehicles that fall short of the minimum mileage. The minimum mileage requirement can be adjusted by the Fleet Manager/Superintendent with approval from the City Manager. Additionally, the Fleet Manager/Superintendent may set other appropriate minimum use criteria for specific departments as needed.

The goal of the minimum use guidelines is to spotlight vehicles that aren't being used to their full potential, not to encourage unnecessary driving just to meet the mileage target. Departments will receive semi-annual reports to help them assess vehicle utilization and identify any that might not meet the annual requirement.

Exemptions

Certain vehicles are exempt from these minimum use criteria:

- Vehicles with a Gross Vehicle Weight Rating (GVWR) over 8,500 pounds
- Vehicles purchased with federal, state, or local grants
- Vehicles with operational limitations (i.e., Water Plant / Landfill – where vehicles may not be able to drive the minimum mileage)
- Vehicles granted waivers by the Fleet Manager/Superintendent

Departments have 30 days from the Fleet Manager/Superintendent's end-of-fiscal-year report date (15 November each year) to justify retaining vehicles that don't meet the minimum mileage criteria. Extensions may be granted for departments to justify the use of special vehicles that are not listed in the exemptions.

Inventory Process

Developing a comprehensive fleet inventory process offers numerous benefits to city governments. It boosts efficiency by optimizing resource allocation, vehicle utilization, and maintenance planning. This process also significantly reduces costs by tracking fuel usage and maintenance expenses, enabling better budget management. Additionally, it enhances safety by ensuring proper vehicle maintenance and compliance with safety regulations, which enhances driver and public safety.

Moreover, a detailed fleet inventory ensures that all vehicles are properly licensed, insured, and equipped, minimizing legal risks and improving compliance. It also provides a clear picture of the City's vehicle assets, facilitating informed decisions about acquisition, replacement, and disposal. Utilizing inventory data for analysis helps identify trends and make data-driven decisions, improving overall fleet performance and productivity.

Formal Process Outline for Conducting a Fleet Inventory

1. Export Current Fleet Inventories: Fleet Manager/Superintendent will export the City's existing fleet inventories (all Departments) to ensure baseline data is captured accurately. (NLT 15 October every year)
2. Set Inventory Criteria and Update Requirements: Fleet Manager/Superintendent will define specific criteria for inventory documentation requirements for each department. (NLT 15 November every year)
3. Assign Fleet Inventory Tasks: Fleet Manager/Superintendent will designate department-specific responsibilities for conducting fleet inventories, with a due date set for 15 December every year. (NLT 15 November every year)

4. Conduct Mass Update of Fleet Data: Upon collection of Fleet inventory inputs from all departments, the Fleet Manager/Superintendent will perform a comprehensive update of all fleet data tracked in Asset Works (NLT 15 January every year).
5. Establish Performance Metrics: The Fleet Evaluation Board (FEB) establishes criteria for evaluating the performance of fleet equipment, ensuring all necessary metrics are included. (NLT 1 February every year)
6. Run Performance Metrics Evaluation: Fleet Manager/Superintendent generates an initial 1-N Fleet Replacement List in Asset Works based on FEB performance metric criteria. (Scoring of each equipment item completed within Asset Works Performance Factors segment of the system)
7. Conduct Secondary Review: Fleet Manager/Superintendent generates an initial report of the ranked list for a secondary review by the Fleet Equipment Board (FEB). FEB reviews and updates the 1-N Fleet Replacement Recommendation list.

1-N List Creation and Approval Process

The 1-N Fleet Replacement Recommendation list ensures a balanced evaluation of all fleet equipment items for replacement, prioritizing each based on established performance metrics.

1. Complete Fleet Inventory: Collect comprehensive fleet inventory inputs from various departments and ensure all data is accurately updated in Asset Works. This should be completed no later than January 15th every year.
2. Score Each Item: Utilize the Asset Works Performance Factors segment to score each piece of equipment. This initial scoring will create a preliminary 1-N Fleet Replacement Recommendation list. This step should be finished by February 15th each year.
3. Conduct FEB Review: The Fleet Evaluation Board (FEB) reviews the preliminary list and updates it based on performance metrics. The updated 1-N Fleet Replacement Recommendation list must also be completed by February 15th each year.
4. Present to City Officials: Present the 1-N Fleet Replacement Recommendation list to the City Manager, Assistant City Manager, and Department Heads to finalize the list. This presentation and finalization should be completed by March 15th each year.
5. Council Working Group Meeting: Present the finalized 1-N Fleet Replacement Recommendation list to the Council in a Working Group Meeting for feedback. Incorporate any final updates based on this feedback. This step should be completed by May 15th each year.

6. Final Distribution: Distribute the finalized 1-N list to Department Heads and Finance for budget preparation. This ensures that prioritization is reflected in the upcoming budget cycle.

Acquisition Process

The following guidelines provide criteria for routine and out-of-cycle replacement of vehicles and equipment. The intent is to minimize fleet capital and operating costs. Determination to replace a vehicle will be based on 1-N Fleet Replacement Recommendation list, lifecycle of the vehicle compared to growing maintenance costs, and salvage value at the time of consideration. Out-of-cycle replacements will be considered on a case-by-case basis.

In-Cycle Vehicle Replacement Process

1. Approval and Priority Determination: Upon completion and approval of the 1-N Fleet Replacement Recommendation list and budget by the Council, the Fleet Evaluation Board (FEB) will determine the priority for that year's replacements. This process helps balance the workload of the Fleet Manager/Superintendent throughout the calendar year.
2. Capability Need Outline: When a vehicle is set to be procured, the owning departments must provide an outline of the capability need (not the specific item they would like to have) to the Fleet Manager/Superintendent.
3. Specification Development and Bid Solicitation: The Fleet Manager/Superintendent and the departments work together to develop bid specifications for the equipment. They then advertise and solicit bids as required, following the City Procurement Policy based on acquisition amounts and methods (e.g., Sole Source, etc.).
4. Council Approval Coordination: For acquisitions requiring Council approval, the Fleet Manager/Superintendent coordinates with all departments to submit a single batched Council memo. This reduces the workload for both the departments and the Council. All departments involved with the acquisition will be listed as contacts on the Council Memo.
5. Standard Acquisition Procedures: For items not requiring Council approval, the Fleet Manager/Superintendent and the departments follow standard acquisition procedures as outlined in the City's Procurement Policy.
6. Finalization and Delivery: Once the acquisition is complete, the Fleet Manager/Superintendent finalizes the title, licensing, insurance (with Finance), and receiving inspections before making the vehicle available to the department.

7. **User Fees and Maintenance:** User fees and maintenance fees begin upon delivery of the vehicle/equipment to the Fleet Manager/Superintendent. The vehicle or equipment being replaced must be turned over or begin disposition steps immediately. Failure to do so will incur additional month(s) of user and maintenance fees. Turnover should not exceed 30 days.

Out-of-Cycle Replacements

FEB must review and decide on out-of-cycle replacements that are due to unforeseen events like accidents or total system/vehicle failure.

Vehicle Disposition & Disposal Process

Proper management of fleet vehicles is crucial for ensuring operational efficiency and cost-effectiveness. An established vehicle disposition and disposal procedure helps in making informed decisions regarding the replacement and disposal of vehicles, thereby maximizing the return on investments and minimizing associated costs.

Step-by-Step Fleet Disposition and Disposal Procedure

1. **Define Disposal Criteria:** (Utilization of Performance Metrics will be followed)
 - **Age and Mileage:** Nationally recognized lifecycles and mileage will be the basis for disposal recommendations.
 - **Maintenance Costs:** City Fleet/Shop will track repair and maintenance costs over time. Once the cost of repairs exceeds a certain percentage of the vehicle's value, consider disposal.
 - **Condition:** Departments with the assistance of City Fleet/Shop will evaluate the overall condition of the vehicle, considering factors like wear and tear, rust, and potential environmental impact.
 - **Market Value:** Fleet department will research the market value of vehicles, considering factors like age, mileage, and condition.
2. **Evaluate Disposal Methods:**
 - **Selling:** Fleet department will consider selling vehicles to the public, either directly or through a third-party auction or remarketing vendor.
 - **Trading:** Fleet department will explore the option of trading in vehicles with a dealer when purchasing new vehicles.
 - **Scrapping:** If a vehicle is beyond repair or has minimal resale value, Fleet department may consider scrapping it.
 - **Donating:** In some cases, donating vehicles to charity may be an option, particularly if the vehicle is in good working condition. Fleet Manager /

Superintendent will seek Council approval prior to donating City owned property.

3. Disposal Process:

- Approval Process: Receive disposal decision from Fleet Manager/Superintendent. Departments will aid in developing disposal approval from City Council via Council Memo.
 - Contract with Remarketing Vendor: Fleet Manager / Superintendent will consider establishing a contract with a remarketing vendor or auction company to handle the disposal process. (Council approval required)
- Fleet Management Software: Fleet Manager / Superintendent will update fleet management software with vehicle information, maintenance history, and disposal decisions upon completion of disposal actions.

4. Additional Considerations:

- Leased vs. Owned Vehicles: If the fleet consists of leased vehicles, the disposal process will be different than for owned vehicles.
- Environmental Impact: Fleet Manager / Superintendent will consider the environmental impact of disposal methods, especially for vehicles nearing the end of their lifespan.
- Budgeting: Fleet Manager / Superintendent will account for potential repair costs or other expenses related to the disposal process as part of the performance factors review process with FEB.

By implementing a well-defined fleet vehicle disposition and disposal plan, organizations can ensure that they maximize the return on their fleet investments and minimize costs associated with vehicle depreciation and maintenance.

Vehicle Maintenance and Repair

Proper vehicle maintenance and repair are crucial for ensuring the longevity and efficiency of fleet operations. Regular scheduled and preventive maintenance should be conducted according to manufacturer recommendations or directives from the Fleet Manager/Superintendent. Warranty services need to be managed and utilized throughout the vehicle's warranty period, and any unscheduled repairs due to breakdowns or collisions should be promptly coordinated with the Fleet Department. Departments should employ the most cost-effective methods for maintenance, utilizing the City managed shop or contracted services, while employees are advised to refrain from performing their own vehicle repairs, except for minor tasks like changing flat tires or adding fluids.

Vehicle Idling Policy

With few exceptions (traffic accident, Law Enforcement apprehensions, etc.), gasoline-powered vehicles will idle no more than 2 minutes in the summer months, and no more than 5 minutes in the winter months to allow for engine warm-up to prevent engine damage before takeoff. Diesel-powered vehicles will idle no more than 10 minutes year-round to allow for engine warm-up and air brake system charge. On average, a vehicle burns about $\frac{3}{4}$ of a gallon of fuel per hour of idling. Excessive vehicle and equipment idling is bad for the vehicle/equipment, the department and City financially, and harms the environment.

Data Analysis

Annual After Action Reviews (AAR)

Will be conducted prior to inventory completion to ensure improvement areas are established for the subsequent FEB review and budget season.

Performance Metrics

Fleet reporting procedures are essential for City government agencies to manage and maintain their vehicle fleets effectively. These procedures involve collecting, documenting, and reporting various data points related to the fleet's operations. This information is crucial for internal management, compliance with federal and state regulations, and budgetary planning. By adhering to these procedures, agencies ensure transparency, accountability, and optimal utilization of their vehicle assets. Items that will be collected and tracked include:

- Mandatory reporting requirements (Dependent on Federal and State Mandated items)
- Inventory
- Acquisition costs
- Mileage
- Hours of Operation
- Fuel consumption
- Maintenance records

Additional performance factors will be determined by Fleet Equipment Board (FEB) representatives (one member per Department). These factors will be utilized when determining fleet requirements and replacements.

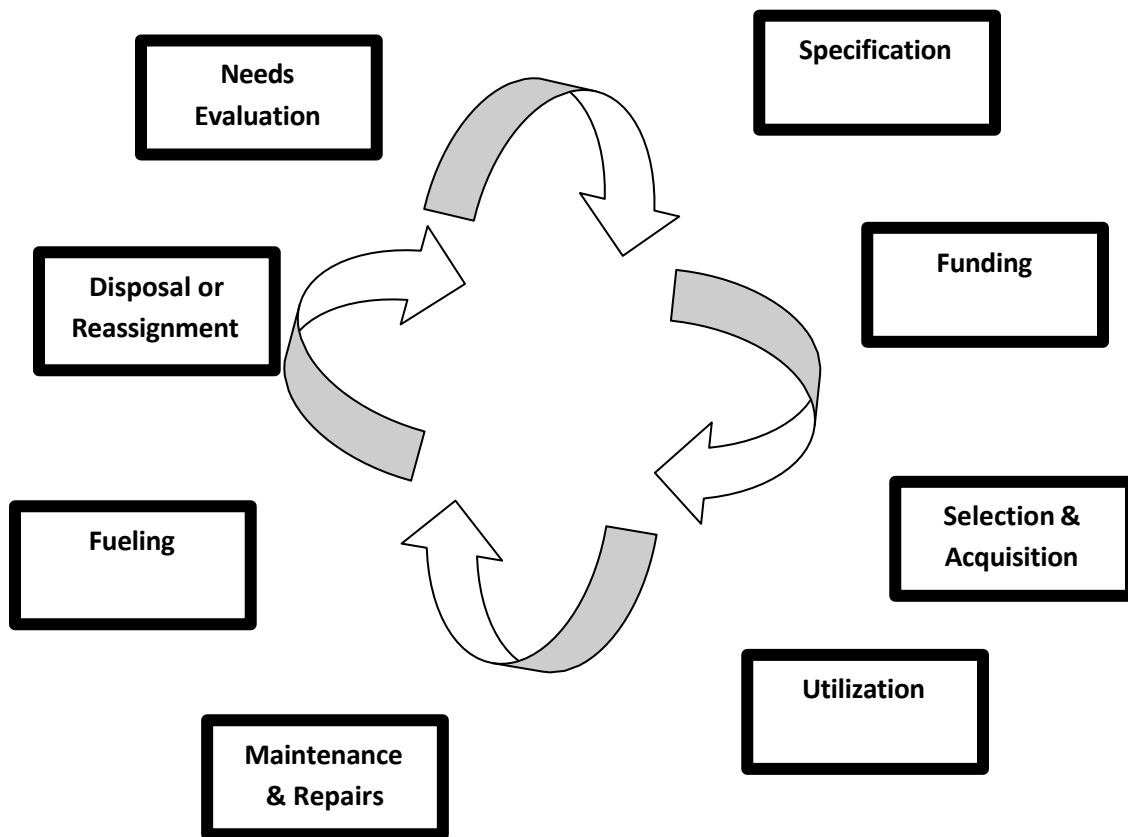
Maintenance Repair Unit (MRU) and Vehicle Equivalency Unit (VEU) Calculations

These are utilized to help determine Full Time Equivalency (FTE) staffing requirements as they pertain to current Fleet requirements. Once all vehicles are categorized (i.e., Sedan, ½ Ton Pickup Truck, >8,500 GVW, etc.), calculate the following:

- MRUs/VEUs:
 - Average out the actual number of maintenance labor hours by vehicle category (taken from Asset Works). Once complete, assign an MRU factor for each vehicle based on these hours (e.g., 1 MRU = 10-15 hours of Maintenance).
 - Once you have the MRU/VEU calculation by vehicle, sum the total number of MRUs/VEUs for the entire fleet.
 - Next, calculate the total number of FTE hours by adding up the available hours (e.g., does not include mandatory PTO, hours in training, holidays, etc.) per person.
 - Finally, divide the total number of maintenance hours by the total FTE hours. This will result in an estimated FTE requirement.

APPENDIX A

Fleet Vehicle Life Cycle





VEHICLE & EQUIPMENT REPLACEMENT FUND (VERF) AND FLEET PLAN

BRYAN BANFILL | PUBLIC WORKS OPERATIONS DIRECTOR | MAY 13, 2025

OVERVIEW

INTENT

DEPARTMENT FLEET BREAKOUTS (CURRENT)

DEPARTMENT 25-YEAR ACQUISITION HISTORY

VERF RECOMMENDATION

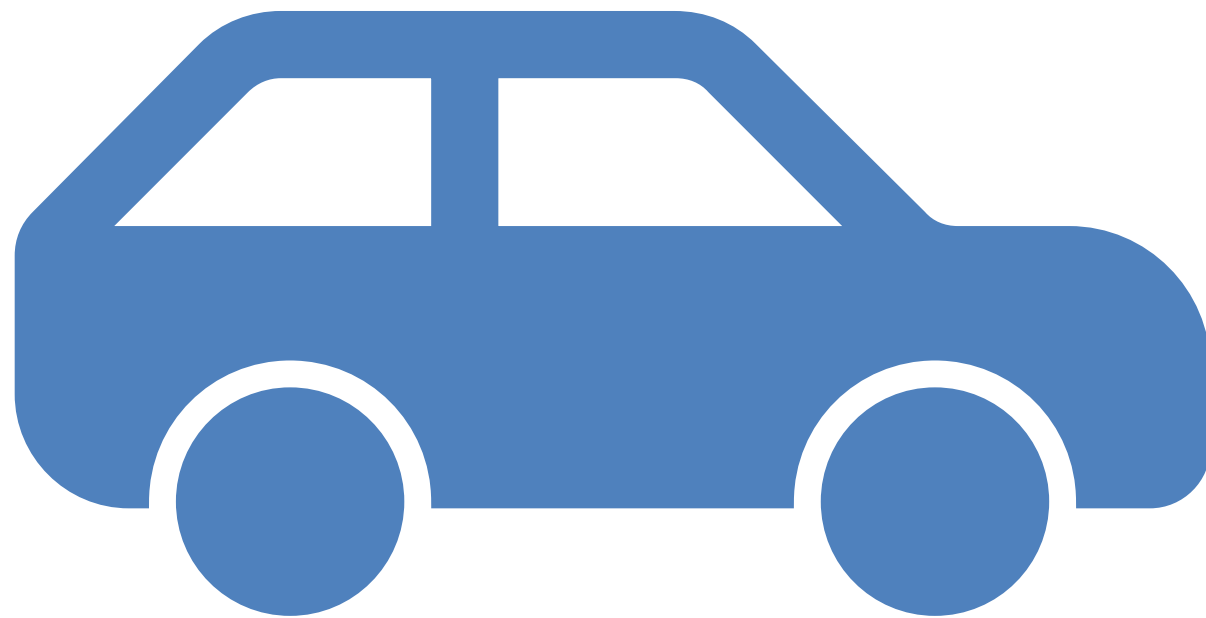
FLEET PLAN

QUESTIONS

INTENT

The objective is to present a summary of the City's current fleet composition to assess the most efficient approach for the Vehicle and Equipment Replacement Fund (VERF) and the formulation of the Fleet Management Plan program.

We strive to maintain existing City services while creating strategies to enhance the City's daily operations alongside capital equipment acquisitions.



DEPARTMENT FLEET BREAKOUTS

DEPARTMENT
VEHICLE
CATEGORY
COMPOSITION

Row Labels	< 8500 AUTO	< 8500 GVW TRUCK	< 8500 GVW SPORT UTILITY	<8500 GVW	>33000 GVW TRUCK	14001 - 16000 GVW TRUCK	16001 - 19500 GVW TRUCK	19501 - 26000 GVW TRUCK	26000 - 33000 GVW TRUCK	8501 - 10000 GVW TRUCK / VAN	CATEGORY TBD	NON-SELF PROPELLED	OFF ROAD AND CONSTRUCTION	OFF ROAD AND CONSTRUCTION GROUP	OFF ROAD AND CONSTRUCTION PW	Grand Total
AIRPORT	1	5	1	2	5			2	1		2	11	8	8	1	47
ASSESSOR	3		1													4
CEMETERY		1		3						2		5	2	8		21
ENGINEERING	2	3	4													9
FIRE CONTROL	2	2	6		9		3		1	2		1	2	2		30
GARBAGE COLLECTION		3			22				1							26
INFORMATION TECHNOLOGY	1															1
INSPECTION	2		6													8
LANDFILL		5		2	5							4	13	3	2	34
LIBRARY														1		1
PLANNING	2		1													3
POLICE ADMIN/PATROL/INVESTIG	5	2	42			1	1	1		3		5				60
PROPERTY MAINTENANCE		6	2	1								2	1	3	2	17
PUBLIC TRANSPORTATION		1	1		12					4						18
PUBLIC WORKS		2	4													6
SEWAGE PUMPING		14			3		1	1				12	3	6	1	41
SHOP	1	2			1					1		2	1		1	9
STORM SEWER MAINTENANCE		2			4		2			1		4				13
STREET		15		2	15		2	6		1		57	23	15	11	147
TRAFFIC	1	8					2			1		2			2	16
WATER DISTRIBUTION		11			4			3	1	2		23	6	1		51
WATER PLANT	2	6			2							3	2	2		17
Grand Total	22	88	68	10	82	1	11	13	4	17	2	131	61	49	20	579

DEPARTMENT VEHICLE BREAKDOWN

**SELF-PROPELLED*

Row Labels	Count of CLASS Class Maint	Sum of Purchase Cost	Average of Actual Life (Years)
AIRPORT	47	\$4,904,083.99	18
ASSESSOR	4	\$98,880.00	13
CEMETERY	21	\$332,792.49	16
ENGINEERING	9	\$256,148.65	12
FIRE CONTROL	30	\$5,125,736.80	14
GARBAGE COLLECTION	26	\$4,320,832.51	13
INFORMATION TECHNOLOGY	1	\$21,964.24	9
INSPECTION	8	\$219,708.04	11
LANDFILL	34	\$5,378,397.51	15
LIBRARY	1	\$5,381.94	7
PLANNING	3	\$72,611.63	10
POLICE ADMIN/PATROL/INVESTIG	60	\$2,355,299.84	8
PROPERTY MAINTENANCE	17	\$367,054.96	13
PUBLIC TRANSPORTATION	18	\$3,124,669.38	15
PUBLIC WORKS	6	\$193,054.15	9
SEWAGE PUMPING	41	\$2,023,449.79	15
SHOP	9	\$163,540.53	20
STORM SEWER MAINTENANCE	13	\$999,043.47	11
STREET	147	\$8,404,071.07	13
TRAFFIC	16	\$388,572.48	16
WATER DISTRIBUTION	51	\$2,559,784.45	13
WATER PLANT	17	\$459,193.00	18
Grand Total	579	\$41,774,270.92	13

DEPARTMENT VEHICLE BREAKDOWN

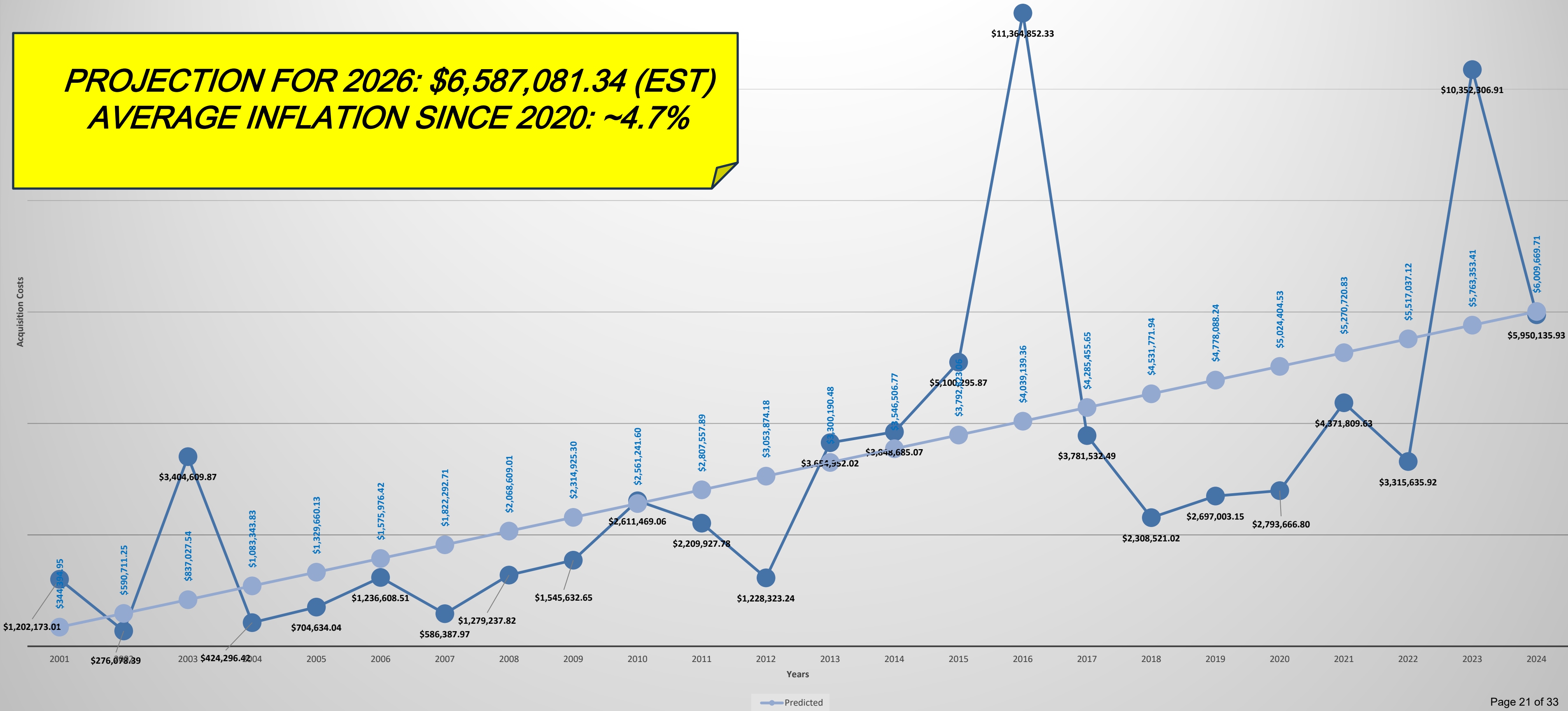
**EXCLUDED SELF-PROPELLED*

Row Labels ▼	Count of Model	Sum of Purchase Cost	Average of Actual Life (Years)
AIRPORT	36	\$4,409,573.99	17
ASSESSOR	4	\$98,880.00	13
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25-YEAR CAPITAL EQUIPMENT ACQUISITION HISTORY

Regression / Trend Analysis of 25 Year Acquisition Costs

PROJECTION FOR 2026: \$6,587,081.34 (EST)
AVERAGE INFLATION SINCE 2020: ~4.7%



VERF EXPLANATION & RECOMMENDATION

ASSUMPTIONS FOR VERF & FLEET MANAGEMENT PLAN

VERF: INTERNAL SERVICE FUND

VERF SPANS:

- ALL ROLLING STOCK AND EQUIPMENT >\$5,000 & HAS LIFECYCLE >1 YEAR
- EXCLUDES EQUIPMENT ASSIGNED/TRACKED FOR FACILITIES (ASSET ESSENTIALS)
- EXCLUDES NON-SELF PROPELLED DESIGNATED EQUIPMENT
 - NON-SELF PROPELLED: MANAGED / FUNDED BY DEPT (**SUBJECT TO CHANGE*)

FLEET MANAGER

- OVERSEES ALL VEHICLES & LEASES OUT TO DEPT'S
- OVERSEES ALL ACQUISITIONS OF FLEET EQUIPMENT
- COUNCIL MEMO'S CONSOLIDATED (ACQUISITIONS) – LINKED TO DEPT WORKFLOWS

FLEET EVALUATION BOARD MEMBER – COMPRISED OF 1-PER DEPT

POSSIBLE DEPT EXCLUSIONS (FED FUNDING): (VERF EXCLUSIONS)

- AIRPORT
- TRANSIT

INFLATION FACTOR – MODIFIED YEARLY BASED ON NAT'L AVERAGE

- MODEL: 2.5%
- HISTORICALS (2020 – 2024): 4.7%

START REPLACING OLDEST EQUIPMENT FIRST – CAP SET BY VERF \$

DEPARTMENT FEES:

- USER FEES – BASED ON ACQUISITION COST PLUS UPFIT
- MILEAGE / HOURS MX FEES - MINIMUM COST (W/STANDARD RATE APPLIED)

VEHICLE & EQUIPMENT REPLACEMENT FUNDING (VE

INTERNAL SERVICE FUND

ANNUAL USAGE FEE (SIMILAR TO SET ASIDE METHOD)

SET AMOUNT OF FUNDS COLLECTED FOR EACH VEHICLE PER YEAR

$$[(\text{ACQ COST} + \text{UPFIT COST} - \text{SALVAGE COST}) \div \text{LIFECYCLE}] * (1 + \text{IF})^{\text{LIFECYCLE}} = \text{YEARLY LEASE FEE}$$

**50% REDUCTION FOR VEHICLES BEING UTILIZED BEYOND LIFECYCLE*

**MINIMUM RATE
FOR USAGE**

MAINTENANCE FEE

BASED ON MILEAGE OR HOURS ACCRUAL

$$[\text{MILEAGE (OR HOURS) PER MONTH} * \text{FIXED RATE}] * 12 \text{ MONTHS} = \text{YEARLY MX FEE}$$

**FEE RATES SET BASED ON PREVIOUS YEARS MILEAGE / HOURS USAGE*

**AMOUNTS
PER YEAR
PROVIDED BY
FLEET
MANAGER**

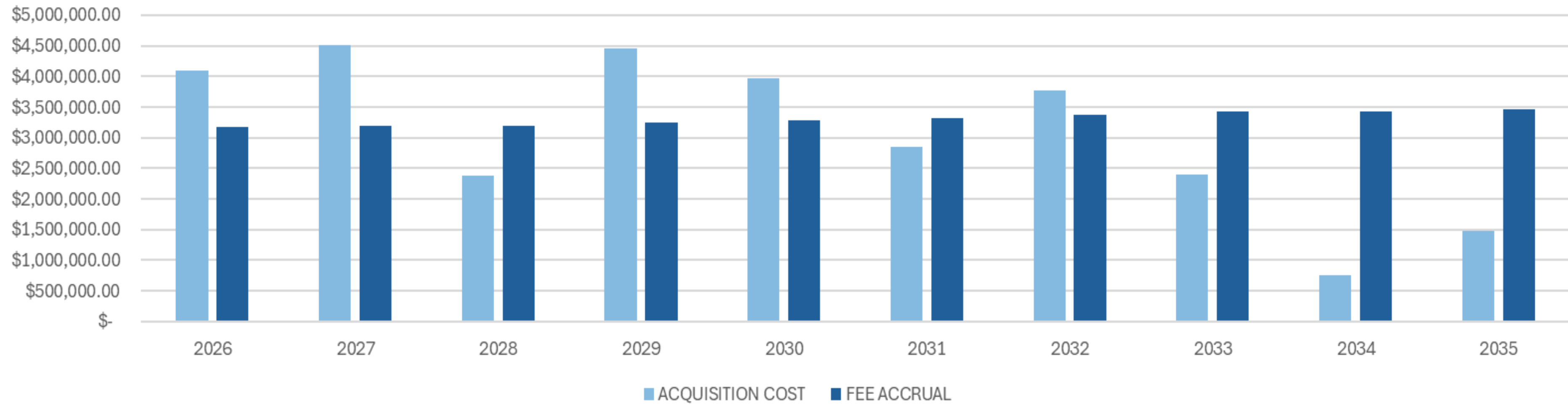
STRAIGHT LINE DEPRECIATION

(STANDARD) SET DEPRECIATE OF VEHICLE PER YEAR

$$[(\text{ACQ COST} + \text{UPFIT COST}) - \text{SALVAGE VALUE}] \div \text{LIFECYCLE} = \text{YEARLY DEPRECIATION}$$

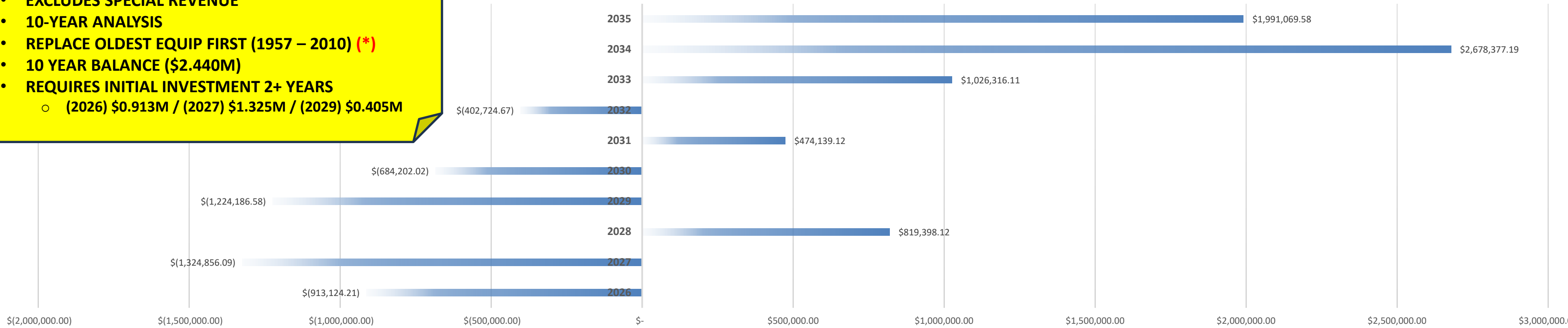
**SALVAGE VALUE ESTIMATED AT 30% VEHICLES ACQUISITION COST*

ACQUISITION COST PROJECTIONS & FEE COMPARISON - MINUS TRANSIT & AIRPORT



- EXCLUDES SPECIAL REVENUE
- 10-YEAR ANALYSIS
- REPLACE OLDEST EQUIP FIRST (1957 – 2010) (*)
- 10 YEAR BALANCE (\$2.440M)
- REQUIRES INITIAL INVESTMENT 2+ YEARS
 - (2026) \$0.913M / (2027) \$1.325M / (2029) \$0.405M

VERF ACCOUNT PROJECTIONS VS ACCRUALS (MINUS TRANSIT & AIRPORT)



FLEET PLAN EXPLANATION

FLEET PLAN PURPOSE

Objective of the Fleet Management Plan:

- Optimize the management of vehicles and equipment fleets
- Enhance operational efficiency for the City of Minot
- Evaluate motor-pool requirements for reduction of inventory
- Reduce acquisition & mx costs
- Develop service-life extension program

Key Elements of the Plan:

- Creates comprehensive and methodical strategy to fleet management
- Creates a framework for effective initial implementation

Scope of Application:

- Pertains to all vehicles and equipment owned and operated by the city
- Covers items valued at over \$5,000 (*May increase due to capital amount changes*)
- Applies to assets with a lifespan of one year or more
- Encompasses rolling stock as well as certain stationary, non-self-propelled machinery

FLEET MANAGEMENT OPERATIONS

Fleet management plan:

- Inventory conducted prior to budget season / recommendation presentations
- Requires annual review by Fleet Manager/Superintendent & Fleet Evaluation Board (FEB)
- Recommendations presented to CM & Council during budget season
- Department user and mx fee projections provided to each department for budgets (VERF)

Fleet Manager / Superintendent:

- Collects and analyses fleet data within AssetWorks
- Oversees FEB's and overall fleet acquisition / approval / disposition processes (in / out-of-cycle acquisitions)
- Develops and leads FEB annual review / evaluation process
- Develops and implements inventory process
- Provides cost data and fleet replacement recommendations to departments / City Leadership
- Oversees annual after-action review / process improvement initiative efforts for future improvement areas

FEB's – Single representative from each department

- Represents their respective department in developing 1-N replacement priority list annually (VERF / Budget)
- Out-of-cycle acquisition process review
- Evaluates / Provides Lease vs Procurement decision recommendations

FLEET PLAN COMPONENTS

BONA-FIDE need justification:

- How does vehicle help accomplish core mission of department?
- What long-term service requirements does vehicle have? (Preventative Mx, standard repair history, etc. w/ costs)
- What is the primary function of vehicle, and can it be used by more than one department (shared)?
- Is the vehicle complex-bound? (Water Plant, Airport, Transit, etc.)
- Number of passengers / month and number of miles / month expectations? (exceed 5,000 miles/year?)

Vehicle use standards:

- 5,000 miles per year (hours still under review) – Justification required (30-days from end of fiscal year)
- Proper mx documentation for preventative mx and non-preventative mx required – USED TO JUSTIFY VEHICLE
- Idling restrictions to reduce fuel consumption / gradual deterioration on vehicle components
- Exception to policy process for construction type vehicles and those with known mileage limitations
 - >8500 GVW, Federally/State funded vehicles, Fleet Manager/Superintendent approved

User Fees, Mx Fees, Lease vs Procure:

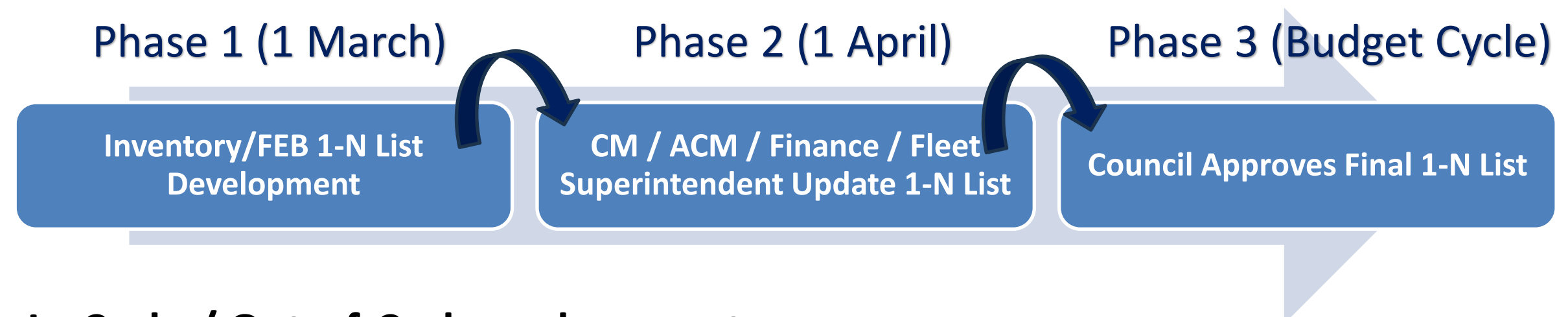
- User and Mx fee utilized to generate VRF funds - amounts provided annually by Fleet Superintendent
- Lease vs Procure: Review / decision process between FEB, Fleet Superintendent, & Finance
 - Review lease rates, payout, life of lease, etc.
 - Lease fee / User Fee will be taken at the higher amount
 - Lifecycle adjusted for Leases less than standard life of vehicle

FLEET PLAN COMPONENTS - CONTINUED

Inventory / 1-N Replacement priority list :

- (15 Oct) Inventory due: Fleet Superintendent to send out request 30 days prior
- (15 Nov) AssetWorks update completed with updated inventory data
- (1 Feb) Fleet Evaluation Board (FEB): Establish performance metrics for 1-N replacement priority list
- (15 Feb) Initial 1-N replacement priority list scoring (AssetWorks)
- (1 Mar) FEBs: Professional judgement 1-N list review / re-prioritization
- (1 Apr) Present to City Leadership 1-N List recommendations
- (15 Apr) VERN cost data provided to Finance / Departments for budget season submissions

NOTE: VERN / 1-N List presentations will follow approved budget schedule.



In-Cycle / Out-of-Cycle replacements:

- In-cycle: Follows standard process listed above – approved by Council during budget cycle
- Out-of-Cycle:
 - FEB / Fleet Superintendent: Replacement determination based on availability of funds, Finance, City leadership & Council approvals.

FLEET PLAN COMPONENTS - CONTINUED

Disposition / Disposal plan:

- Disposal criteria:
 - Age/Mileage
 - Mx costs
 - Condition
 - Market value
- Disposal methods:
 - Selling (auction): Funds returned to VERF
 - Trading – Initial acquisition cost (without trade amount removed) used for user fee calculations
 - Scrap: Dependent on salvage value at time of disposal
- Standard Council approval required for equipment exceeding \$100 (estimated value).

Importance of Mx / repair data entry:

Failing to document repair history leads to reduced priority

Idling policy: Reduce fuel consumption (3/4 gal per hour)

Summer: 2-min (Unleaded)

Winter: 5-min (Unleaded)

Year Round: 10-min (diesel)

FLEET PLAN COMPONENTS - CONTINUED

Mx Repair Unit (MRU) / Vehicle Equivalency Units (VEU): (FTE calculations)

- Average mx labor hour by vehicle category: (1 MRU / VEU = 10-15 hours of Mx)
- Totals: Every vehicle MRU / VEU added up to identify labor hour requirements
- *NOTE: FTE Capacity: Shop personnel have limited hour capacity for repairs*

EX: (Current Capabilities) ***Not all PM mx hours are accounted for*

1211.60 MRUs (12,116.0 Mx hours required for current fleet)

6-Technicians (9312 hours capacity – each tech capable of 1812 hours)

FTEs required: 6.68

Data analysis: AARs completed annually – New processes added as necessary

Performance Metrics: Used for decision making / 1-N List generation

- Mandatory reporting requirements (Dependent on Federal and State Mandated items)
- Inventory
- Acquisition costs
- Mileage
- Hours of Operation
- Fuel consumption
- Maintenance records

QUESTIONS?



VEHICLE & EQUIPMENT REPLACEMENT FUND (VERF) AND FLEET PLAN