

Management Memo

	Number: MM 06-06
SUBJECT: STATE VEHICLE UTILIZATION STANDARDS	DATE ISSUED: JANUARY 31, 2006 EXPIRES: JANUARY 31, 2007
REFERENCES: GOVERNMENT CODE §§13332.09, 19993.1-19993.8; CALIFORNIA CODE OF REGULATIONS §§599.800- 599.808, 599.626; STATE ADMINISTRATIVE MANUAL §4105, 4106, 4107, 4108, 4109, AND 8572.4	ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

Purpose of this memorandum

1. Notify State agencies that the Department of General Services, Office of Fleet Administration (DGS, OFA) has increased the State vehicle minimum-use standards:

FROM	TO
4,000 miles or vehicle use of at least 70% of the available work days within a six-month period.	6,000 miles or vehicle use of at least 80% of the available work days within a six-month period—applies to all State-owned, DGS leased and/or commercially rented/leased vehicles.

2. Remind all agency heads, managers and supervisors of their responsibility to ensure the proper use of State owned/leased vehicles.

This memorandum is an addition to Section 4105 of the State Administrative Manual.

Who is affected

All State agencies as defined by Government Code §11000. Other State entities also subject to this law include, but are not limited to:

- California State Lottery;
- California State University;
- Community Colleges Chancellor’s Office;
- Student Aid Commission;
- Fair Political Practices Commission;
- Public Employment Relations Board;
- Public Employees’ Retirement System;
- Prison Industry Authority
- State Teachers’ Retirement System; and,
- Any other Executive Branch office, agency, department, commission, board, association, center, authority, conservancy, corps, program or system.

Background

DGS is continually seeking new methods to improve the efficiency and effectiveness of those fleet operations administered by the OFA. During a recent audit, the Bureau of State Audits (BSA) recognized numerous improvements initiated by the OFA and made further recommendations the DGS has embraced. This includes revisiting the minimum-use requirements for the State fleet (Reference: BSA Report 2004-113).

Additionally, on November 14, 2005, the Senate Select Committee on Government Cost Control suggested the DGS explore additional methods for controlling costs and inefficiencies within the State fleet—including raising the minimum-use standards for the State fleet. The Committee also heard from the State Auditor who reported of misuse associated with State vehicles being utilized for non-business purposes in order to meet the State's minimum-use standards.

This standard is consistent with the Federal Vehicle Utilization Standards.

Optimum Utilization

Vehicle utilization is vital to the management of the State fleet. It represents a significant opportunity for avoiding unnecessary costs. After a review of minimum-use standards established by other State governments and the Federal government, OFA has determined California's standard was outdated.

The new standard—6,000 miles or vehicle use of at least 80 percent of the available work days within a six-month period—provides for vehicles being driven an average of 45.5 miles per day or used at least 211 work days each year. This new standard applies to all State-owned, DGS leased, and/or commercially rented/leased vehicles. This is an increase over the prior standard of 4,000 miles or use of 70 percent of available work days.

Requests for an exemption to this minimum-use standard must be submitted in writing to the Chief of the Office of Fleet Administration. Exemption requests will be considered on a case-by-case basis.

It is strongly recommended that your agency conduct a comprehensive in-house review of fleet utilization practices. When optimized, these practices can result in significant cost savings for your agency by rightsizing your fleet and ensuring proper vehicle use. Carefully consider the following:

- Quantity and types of vehicles currently owned or leased by your agency;
 - Agency policies (or lack thereof) on the assignment of vehicles to individuals vs. establishing vehicle pools for general use;
 - Quantity and necessity for the Home Storage Permits issued by your agency.
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Misuse of State Vehicles

The operation of a State vehicle is a highly visible activity that deserves the attention of each State agency. The public’s awareness of these vehicles and their concern about proper use has been heightened by the current economic situation. Each State agency should maintain knowledge of the rules and regulations cited in the reference section of this memorandum, for example:

- State motor vehicles shall be used only in the conduct of State business.
- Commuting in State vehicles is allowed only in compliance with specific guidelines and all costs must be reimbursed.
- A “Home Storage Permit” is required if a State vehicle is frequently kept overnight at or in the vicinity of an employee’s home.
- Carrying in the vehicle any persons other than those directly involved with official State business is prohibited unless permission is obtained in advance for each trip by the employee’s supervisor.
- State agencies and employees are responsible for properly reporting personal use of State provided vehicles—considered compensation by the Internal Revenue Service and Franchise Tax Board.

For additional information regarding this memorandum and OFA oversight

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Original Management Memo signed by Ron Joseph, Director

Signature

Ron Joseph
Director