

MANAGEMENT MEMO

NUMBER: MM 16-02
DATE ISSUED: FEBRUARY 9, 2016
EXPIRES: UNTIL RESCINDED
ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

SUBJECT:
STATE FLEET ASSET ACQUISITION PLAN

REFERENCES: GOVERNMENT CODE §13332.09; PUBLIC CONTRACT CODE §10295.2 (a); PUBLIC RESOURCES CODE §25722.5 et seq.; CALIFORNIA CODE OF REGULATIONS 599.809; EXECUTIVE ORDER B-2-11; EXECUTIVE ORDER B-16-12; STATE ADMINISTRATIVE MANUAL SECTIONS: 3620.1, 3615, 4105, 4110, 4112, 4117.2, 4120 – 4120.12

SUPERSEDES MANAGEMENT MEMO 13-02, STATE FLEET ANNUAL ACQUISITION PLAN AND MANAGEMENT MEMO 13-04 ZERO EMISSION VEHICLE IMPLEMENTATION PLAN.

Purpose This Management Memo (MM) announces updates to the state fleet acquisition process which clarify existing fleet acquisition policies, create expedited fleet acquisition procedures, and establish strengthened fleet reporting requirements.

Policy As part of the state fleet asset acquisition process, state agencies are required to submit a *Fleet Acquisition Plan (FAP)* to the Department of General Services (DGS), Office of Fleet and Asset Management (OFAM) for analysis when requesting approval to acquire new or replacement fleet assets. Approval of a FAP is contingent upon the submitting agency's compliance with state and federal laws, regulations, and policies that include but are not limited to: petroleum fuel and environmental impact reduction laws; zero-emission vehicle purchasing regulations; and fleet asset reporting policies. This policy updates those compliance requirements and clarifies the procedures for submitting FAPs. Major policy revisions include but are not limited to:

1. Fleet Asset Reporting: Requires departments to comply with fleet reporting requirements pursuant to Public Resource Code Section 25722.5 and Executive Order (EO) B-2-11 in order for a department's FAP to be processed.
2. Fleet Asset Approval Expiration: Sets expiration on approved fleet assets.
3. Zero Emission Vehicle (ZEV) Purchases: Provides an expedited review process for purchasing ZEVs and updates the Air Resources Board (ARB) ZEV credit table to accommodate medium and heavy duty trucks.
4. Temporary Leases of Passenger Vehicles: Provides a process for departments, under certain circumstances, to lease a vehicle in the event of an unanticipated loss of a vehicle.
5. Donations and Gift of Fleet Assets: Provides clarification on how donated assets that require approval by the Department of Finance pursuant to Government Code Section 11005 will be processed as part of a department's FAP.
6. Substitutions: Provides a method for departments, under certain circumstances, to substitute an asset that has already been approved.

For a detailed list of all revisions being made to DGS' fleet acquisition process please refer to Attachment 1.

Background

MM 13-02, *State Fleet Annual Acquisition Plan*, (now superseded) announced new requirements and templates for completing fleet asset acquisition requests. The *Vehicle Acquisition Request Form* (OFA 160) was replaced by the FAP. The FAP consists of the following components: Fleet Acquisition Plan Narrative, Fleet Acquisition Plan Spreadsheet, Fleet Acquisition Certification, Fire Truck Questionnaire (when applicable), and other supporting documentation (when applicable).

This FAP allows agencies to demonstrate their need for fleet asset(s) and ensures adherence with various fleet statues and policies, including, but not limited to, the following:

- Government Code Section 13332.09 requires DGS to determine the necessity for the acquisition of state fleet assets;
- Public Resources Code Section 25722.5 et seq prescribes requirements for fleet acquisitions, including the reduction of petroleum consumption;
- The federal Energy Policy Act of 2005 requires 75 percent of light-duty vehicles acquired by state fleets be alternative fuel vehicles;
- California Code of Regulations 599.809 requires state passenger vehicles be a light class not to exceed 110 combined cubic feet;
- Executive Order B-2-11 freezes fleet acquisitions except under specific circumstances;
- Executive Order B-16-12 requires a growing percentage of zero emission vehicles be included in fleet acquisitions (for light duty vehicles only);
- SAM Section 3620.1 required solar reflective colors be the default color of fleet acquisitions.
- SAM Section 3620.1 required specified light duty vehicles to meet the minimum fuel economy standard of 38 miles per gallon (MPG) for passenger vehicles and 22.2 MPG for trucks, sport utility vehicles and vans.

On March 23, 2012, Governor Edmond G. Brown Jr. issued EO B-16-12 ordering “California’s state vehicle fleet increase the number of its zero emissions vehicles through the normal course of fleet replacement so that at least 10 percent of fleet purchases of light-duty vehicles be zero-emission by 2015 and at least 25 percent by 2020. The directive shall not apply to vehicles that have special performance requirements necessary for the protection of the public safety and welfare.”

To assist departments with the implementation of the ZEV purchasing requirement, DGS issued MM 13-04, *Zero Emission Vehicle Implementation Plan* (now superseded) which did the following:

- Defined a ZEV;
- Required departments to develop a Three Year ZEV Plan;
- Required at least half of the vehicles be pure ZEVs; and
- Determine that ZEV credits for purchases made prior to the effective date of the ZEV mandate could be used towards future ZEV purchasing requirements.

MM 13-01, *State Fleet Asset Oversight*, defines a state fleet asset, explains OFAM oversight, and advises state agencies of their responsibilities. This MM establishes policy requiring state agencies to seek OFAM approval prior to acquiring a fleet asset and clarifies their fleet reporting requirements.

DGS Contact

For questions regarding this MM, please contact:

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Signature



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02/09/2016

Date

Attachment 1: Specific Policy Changes

Previous Authority	Current Policy	New/Expanded Authority	Updated Policy
MM 13-02	Eliminates individual fleet acquisition request - OFA 160 Form and institutes an annual fleet acquisition plan (FAP) process	SAM Section 4120 Acquisition of Vehicles	Updates FAP templates.
Public Resource Code Section 25722.5 EO B-2-11 MM 13-01	Requires departments to report specified fleet data. Requires departments to report fleet data monthly including fuel and utilization.	SAM 4120.1 Fleet Asset Reporting	Requires departments to be in compliance with fleet reporting requirements in order for their FAP to be processed.
MM 13-02	Approval of Purchase Orders (PO) and Purchase Estimates (PE)	SAM Section 4120.2 PO STD. 65 & PE STD. 66, 66A	No substantive change - moved to new section.
N/A	N/A	SAM 4120.3 Fleet Asset Approval Expiration	Establishes expirations for asset approvals. Vehicles on Statewide contract approvals valid for the fiscal year in which the vehicle was approved plus one additional fiscal year. Assets requiring PE's are valid for the fiscal year in which the asset was approved plus two additional years.
MM 13-02	Allows supplemental FAPs to be submitted should fleet needs change during the course of a fiscal year.	4120.4 Addendums	Changes supplemental term to addendums and requires addendums only be submitted due to extraordinary circumstances for which a department demonstrates an immediate need for the fleet assets.
MM 13-02	Requires long-term leases or rentals over 30 days be included on a department's FAP.	4120.5 Lease/Rentals	No substantive change - moved to new section.
N/A	N/A	4120.6 Temporary Leases of Passenger Vehicles	Establishes a temporary long term leasing option if a department incurs significant damage to or loss of an owned passenger vehicle.
N/A	N/A	4120.7 Substitutions	Establishes a substitution process to address a demonstrated, immediate business need to substitute an approved replacement asset and/or approved asset purchase. The substitution process shall only be used in limited circumstances. The substitution process shall not be used to circumvent the Fleet Acquisition Plan Addendum process.

Attachment 1: Specific Policy Changes

Previous Authority	Current Policy	New/Expanded Authority	Updated Policy
EO B-16-12 MM 13-04	Departments are required to increase the number of zero emission vehicles (ZEV) within the state fleet through the normal course of fleet replacement so that at least 10 percent of fleet purchases of light-duty (LD) vehicles are ZEV by 2015 and 25 percent by 2020. LD Vehicles having special performance requirements necessary for the protection of public safety and welfare are exempted from this mandate.	4121 Zero Emission Vehicle Compliance	Clarify effective date from 2015 to FY 2014/15. Adds a Medium Duty and Heavy Duty ZEV & PHEV Ratio Table. Clarified the use of ZEV credits and how PHEV credits can only be used to meet compliance for PHEVs after the 50% BEV requirement has been met. Provides a Public Safety Special Performance Exemption Section to help clarify the components needed to meet the exemption. Establishes an expedited ZEV purchasing process for ZEVs to be purchased outside of the FAP process.
SAM Section 3620	Requires all vehicles to be inspected for acceptance at the delivering dealer's place of business prior to delivery of the purchasing State agency.	4123	No substantive change - moved to new section.
Government Code Section 1105	All gifts or dedication of personal property shall be approved by the Director of the Department of Finance (Finance).	4124 Donations and Gift of Fleet Assets	Clarifies how OFAM manages donated assets. OFAM requests that Finance approval be included with a department FAP that includes donated assets. However, in the event that Finance approval is not obtained prior to submittal of the FAP. OFAM will process the request and recommend a conditional approval until the department is able to obtain Finance approval.
MM 02-02	Expired: Establishes replacement thresholds for disposing of fleet assets.	4126 Replacement Schedule Criteria	Reinstates the policy and updates it to allow for additional justification to be requested on a case by case basis.
MM 13-02 MM 13-04	Establishes timelines for submitting FAPs	4127	Adds section with key due dates and timeframes.