
Criteria for Purchase of New Vehicle

In accordance with the 2006 adopted FLEET EQUIPMENT POLICY spelled out in the Budget Plan Book (page 318) the Department of Public Services recommends the purchase of 9 new vehicles. The equipment replacement policy is based on the following criteria:

1. Minimize life cycle cost. Because of the relatively low purchase price of new vehicles through the Cooperative Purchase Programs offered by Oakland and Macomb Counties, the City is able to purchase vehicles at a discount price. These fully depreciated vehicles, equipped with extensive maintenance records are then sold at auction for a high used car price. This practice has allowed the City to buy low and sell high, resulting in an economical life cycle cost.
2. Vehicle mileage and operating hours. In many cases, vehicles have low mileage but many operating hours due to the nature of the usage. In some cases, vehicles start in the morning and run all day long without logging high mileage. Examples include, construction inspector vehicles that are used as a mobile office and vehicles used for towing safety equipment on moving maintenance operations.
3. Maintenance Threshold. Most vehicle manufacturers recommend heavy maintenance intervals between 40,000 and 60,000 miles. If vehicle are sold before requiring major maintenance on drive trains, brakes, tires, cooling and electrical systems, life cycle cost are minimized.
4. ACT 51 Schedule C Rates. For vehicles utilized under the State of Michigan allocation schedule, a flat rate is charged for hourly usage. The flat rate does not make a distinction between a 10 and 1-year-old vehicle. This practice promotes a vehicle replacement schedule based on minimal life cycle cost.
5. Modified Department Needs. When job duties change so do vehicles. Traditionally, water meter readers needed only basic transportation to and from the reading locations. Meter readers are now advancing into meter installation and meter repair, requiring vehicles that transport and secure inventory, tools and equipment. Newer vehicles also include advanced safety features such as air bags, anti-lock brakes and traction control.

Not all vehicles are replaced when fully depreciated. Department directors are consulted when vehicles approach the replacement timeline. The decision to replace a vehicle is dependent on department request. Also, if a replacement vehicle is in good shape and is not expected to incur high maintenance cost, it is placed in the vehicle pool where it will be utilized on an as needed basis by users. There are currently 5 vehicles in the pool.