

Proprietary Rates

Proprietary Program Description

The Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the Governor, attorney general, or the highway patrol). Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). In the 2015 biennium, the program does not expect any major changes to the customer base. The State Motor Pool has received requests from state agencies to purchase 55 additional vehicles for lease during the 2015 biennium.

Program Highlights

State Motor Pool Major Budget Highlights
<ul style="list-style-type: none"> ◆ The 2015 biennium budget for the State Motor Pool increases by 5.1% primarily due to increased funding authority for the vehicle replacement pool ◆ The legislature approved reduced rates for the Motor Pool, which impacts most agencies with three rate ranges based on the price of gasoline

Proprietary Revenues and Expenses

Expenses

Significant biennial costs for the program are:

- Personal services for 6.00 FTE of \$687,131 or 6.3% of total costs
- Operating costs of \$5.5 million, including:
 - Gasoline, \$3.3 million
 - Repair and maintenance costs, \$364,606
 - Contracted services to support the motor pool management system, \$396,190
 - Insurance and bonds, \$194,532
- Equipment costs of \$5.5 million
- Debt service costs of \$193,583

Direct costs from vehicle usage include fuel, oil, repairs, and tires, and are supported by the usage rates. Indirect costs such as administrative overhead costs, insurance, interest payments, and utility costs are supported by the vehicle possession rates.

Changes in the 2015 biennium the State Motor Pool Program budget include:

- Personal services - projected to decline by \$10,668 or 1.5%
- Operating costs – projected to increase by \$543,765 or 5.6%
- Total expenses – projected to increase by 533,097 or 5.1%

Revenues

Revenue is primarily generated through vehicle rental fees, which provided 97% of the program revenue in the base year. The following sources of funding were used to pay for the services provided by this program in FY 2012:

- General fund (53.0%)
- State special revenue (26.6%)
- Federal special revenue (18.3%)
- University funds (0.6%)
- Other (10.4%)

Proprietary Rate Explanation

For the 2015 biennium the rates approved by the legislature are listed in Section R of HB 2. Separate rates are charged for the time a vehicle is in the possession of the user (assigned time rate) and for the miles driven (usage rate). The tier 1 rates are based on an assumed gasoline pump price of \$3.50 per gallon. Additional tiers of rates are provided that allows progressively higher rates if the retail price of gasoline increases above \$4.00 per gallon (tier 2) and again above \$4.50 per gallon (tier 3). The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

State Motor Pool							
Base Rates and 2015 Biennium Rates							
Class	Description	FY 2012 (Actual)		FY 2014		FY 2015	
		Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)
		<u>Tier 1 \$2.85/gal</u>		<u>Tier 1 \$3.50/gal</u>		<u>Tier 1 \$3.50/gal</u>	
2	Small Utilities	1.265	0.155	0.990	0.203	1.090	0.204
3	Hybrid SUV	1.685	0.101	1.872	0.186	1.890	0.186
4	Large Utilities	1.990	0.205	1.655	0.280	1.700	0.281
5	Hybrid Sedans	1.477	0.072	1.522	0.112	1.547	0.113
6	Passenger Cars	1.278	0.134	0.999	0.159	1.025	0.159
7	Small Pickup	1.343	0.200	0.686	0.231	0.703	0.232
11	Large Pickup	1.352	0.222	0.963	0.262	0.947	0.261
12	Vans	1.283	0.183	1.203	0.226	1.272	0.227
		<u>Tier 2 \$3.35/gal</u>		<u>Tier 2 \$4.00/gal</u>		<u>Tier 2 \$4.00/gal</u>	
2	Small Utilities	1.265	0.178	0.990	0.229	1.090	0.230
3	Hybrid SUV	1.685	0.116	1.872	0.208	1.890	0.209
4	Large Utilities	1.990	0.237	1.655	0.317	1.700	0.318
5	Hybrid Sedans	1.477	0.083	1.522	0.126	1.547	0.127
6	Passenger Cars	1.278	0.153	0.999	0.178	1.025	0.179
7	Small Pickup	1.343	0.229	0.686	0.259	0.703	0.260
11	Large Pickup	1.352	0.253	0.963	0.295	0.947	0.294
12	Vans	1.283	0.210	1.203	0.254	1.272	0.255
		<u>Tier 2 \$3.85/gal</u>		<u>Tier 3 \$4.50/gal</u>		<u>Tier 3 \$4.50/gal</u>	
2	Small Utilities	1.265	0.201	0.990	0.255	1.090	0.256
3	Hybrid SUV	1.685	0.132	1.872	0.231	1.890	0.232
4	Large Utilities	1.990	0.268	1.655	0.353	1.700	0.354
5	Hybrid Sedans	1.477	0.094	1.522	0.141	1.547	0.141
6	Passenger Cars	1.278	0.172	0.999	0.198	1.025	0.199
7	Small Pickup	1.343	0.257	0.686	0.287	0.703	0.288
11	Large Pickup	1.352	0.285	0.963	0.328	0.947	0.326
12	Vans	1.283	0.237	1.203	0.283	1.272	0.284