



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
**ADMINISTRATIVE ORDER**

<b>SUBJECT:</b> Acquisition and Disposal Program	<b>ORDER NO.:</b> 05-09 <b>REVISION NO.:</b> 01
<b>ISSUED BY:</b> Department of General Services	<b>EFFECTIVE DATE:</b> October 1, 2014

1. Governing Authority

Executive Order No. 031

2. Background

The efficient and effective delivery of many services by Metro agencies is dependent upon the availability of appropriate, well maintained motor vehicles and equipment. OFM is responsible for the cost-effective acquisition of vehicles and equipment to meet the needs of Metro agencies.

Pursuant to the Metropolitan Code of Laws, the Department of Finance, Procurement Division is responsible for vehicle and equipment disposal. However the responsibility was delegated to the Department of General Services by a departmental memorandum of understanding dated, December 21, 2004.

All acquisition and disposal activities shall be consistent with state law, the Metropolitan Charter, and the Metropolitan Code of Laws.

3. Applicability

This order applies to all motor vehicles and equipment rented or leased by or titled to any Metro agency. Requests for exemptions from any of the provisions of this order must be submitted in writing to the Director of General Services for review (except as may be otherwise indicated herein).

4. Definitions

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- Agency – A Metro agency, department, institution, board, bureau, or authority issued vehicles or equipment through OFM.
- Agency Fleet Coordinator – Employee designated in each agency to serve as the primary contact and liaison between the agency and OFM and to manage and monitor the agency’s use of vehicles, equipment, and the OFM fuel program (reference General Services Administrative Order 08-14).
- Agency Head – An agency’s chief executive officer or designee.
- Equipment – All units managed and maintained by OFM that do not meet the definition of a vehicle.
- Fleet Addition – A vehicle or piece of equipment that would increase the fleet inventory.
- Long Term Lease – A lease for a period greater than one year. Also referred to as a capital lease.
- Metro – Metropolitan Government of Nashville and Davidson County.
- OFM – Department of General Services, Office of Fleet Management.
- Operating Costs – The recurring costs of installation, maintenance, insurance, fuel, etc. that are essential for the proper functioning and use of a vehicle or equipment of any type.
- Short Term Lease – A lease for a period of one year or less. Also referred to as an operating lease.
- Unit – A term for any or all vehicles and equipment subject to this order.
- Vehicle – Any self-propelled, rubber-tired unit capable of being licensed in the state of Tennessee for over the road travel.

5. Acquisition of Vehicles and Equipment

Each Metro agency must submit to OFM requests for vehicles and equipment costing more than \$5,000 per unit (regardless of the funding source). An agency must also notify OFM before purchasing any units costing \$5,000 or less per unit and that will be maintained by OFM.

Annually, OFM will prepare a capital budget request for approved fleet additions and replacements and initiate acquisition. Purchases of vehicles and equipment will be completed in accordance with Metro Procurement Code and Regulations through the Department of Finance, Procurement Division.

- 5.1 Funding. Agency acquisition requests must include funding information, and the funding source must be annotated in EBS. The following requirements are applicable.

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- 5.1.1 4% Fund – Agencies must submit requests to purchase units with 4% funds and replacement priority information to OFM. Annually, the Department of General Services will use the information to develop budget authority and 4% funds requests for replacement and additional units.
- 5.1.2 Enterprise Fund – Agencies must submit requests to purchase units with enterprise funds along with certifications of funding availability not only for purchases but also the associated operating expenses. The Agency Head must sign and send certification of funding to both OFM and the Department of Finance, Office of Management and Budget for approval.
- 5.1.3 Grant – Agencies must process requests to purchase units with grant funding through the Department of Finance, Division of Grants Coordination. Additionally, for grant funded purchases of units managed and maintained by OFM, an agency must:
- notify the OFM asset manager (615-862-6787) of any grant request that includes units to be maintained by OFM;
  - provide OFM with justification for grant funded purchases (*e.g.*, for new program, expanding program, new federal/state/local requirements, *etc.*);
  - identify the source for funding operating costs of new units and provide documentation of Director of Finance approval if operating costs are to be absorbed by the general fund;
  - provide OFM with documentation of Director of Finance approval to request grant funded units, which were not specified in the original grant budget (*e.g.*, near an existing grant program’s year end, an agency may wish to purchase equipment not originally included in the grant budget by seeking approval from the grantor to amend the original grant budget);
  - ensure that all units are purchased off of Metro contract;
  - ensure that a separate grant account business unit has been created within EBS by the Department of Finance and the associated information is provided to OFM before any unit is ordered;
  - ensure that units are tracked in the fixed assets system and identified as being grant funded;
  - acknowledge and adhere to all the following requirements:

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- OFM shall have final approval regarding unit specifications;
- vehicles must be purchased while manufacturer order banks are open, and will not be purchased off the lot unless a contracted vendor has the unit on hand and will sell it at or less than the contract price;
- grant funded units will not be replaced with Metro funds unless approved by the Director of Finance; and
- OFM shall have final approval authority for purchases of units managed and maintained by OFM.

5.1.4 Other Sources of Funding – Agency requests for units to be replaced or added to the fleet inventory with other funding sources (not described in the subsections above) must include:

- documentation of the funding source(s); and
- certification of funding availability in the annual operating budget – it must be signed by the agency head and submitted to both OFM and the Department of Finance, Office of Management and Budget for approval.

5.2 Fleet Additions. Each Metro agency must submit written requests for fleet additions to OFM along with specifications and verification that:

- current agency units are being used as originally presented for budget justification;
- no existing units are available to replace worn out units or to be reassigned to meet new program requirements;
- funding is available to pay for the additional unit operating and replacement costs;
- the additional unit is for a new or expanded program and it will be used ...
  - a minimum of 6,000 miles annually if it is a motor vehicle less than 1 ton GVWR;
  - a minimum of 3,200 miles annually if it is a motor vehicle greater than 1 ton GVWR; or
  - consistently with the applicable replacement cycle published by OFM if it is equipment.

5.3 Fleet Replacements. OFM will establish a standard anticipated service life for all types of units enabling Metro to obtain the best value considering a balance of maximizing use duration and minimizing life-cycle operating costs. Annually, OFM will review the fleet and prepare a listing of units

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predicted to meet replacement criteria and, then, coordinate with all agencies to identify specific units for replacement in the next budget year.

5.3.1 Replacement Criteria:

- unit was destroyed; or
- unit meets the replacement criteria, established each budget cycle by OFM, which are based upon comparison with other similar classified units and include:
  - operating service months (age);
  - life-to-date miles/hours (odometer/hour meter reading);
  - operating cost (less fuel);
  - application (operating environment);
  - condition; and
  - reliability.

5.3.2 Agency Priorities – Agencies must review OFM lists of units meeting replacement criteria to determine and communicate replacement priorities.

5.4 Vehicles Authorized for Acquisition. OFM will determine final specifications for vehicles and equipment in concert with user agencies. The specifications will be developed to ensure that units meet operational requirements as well as comply with economical, standard specifications to the extent possible.

5.4.1 Standard Vehicles – OFM will authorize for acquisition the most economical vehicles to purchase and operate which are suitable for the purposes for which they are obtained, and do not include unnecessary features or options.

Typically, compact and mid-size automobiles are authorized for acquisition. However, if compact or mid-size vehicles for specific jobs are too small to satisfy the operating needs, an agency may request OFM approval for another type of vehicle.

5.4.2 Sport Utility Vehicles (SUVs) – To request an SUV, an agency must document, in a cost/benefit analysis, that it would likely be more economical and practical than an auto or a pick-up truck.

5.4.3 Replacements – Replacement units will be of “like kind” except in instances when an Agency Head provides and OFM approves written justification outlining a need to meet new, different, or expanded program requirements.

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- 5.5 Ordering Units. All units with a purchase price of \$5,000, or greater must be ordered by OFM. Emergent requirements that justify orders after the manufacturer's cutoff date (*e.g.*, replacement of a damaged unit) or changes in Metro's contracted vendor(s), will be considered on a case-by-case basis.

Units will not be purchased off-contract from dealer stock without the written approval of OFM and the Department of Finance, Procurement Division.

Options and accessories (*e.g.*, tool boxes, lights, cranes, lifts, *etc.*), which were not requested as part of the original order, are subject to the approval of OFM, and any associated expense is the responsibility of the requesting agency.

- 5.5 Purchasing Used (Secondhand) Units. All purchases of secondhand vehicles and equipment shall be consistent with state law, the Metropolitan Charter and the Metropolitan Code of Laws. Further, the Department of Finance, Procurement Division must consult with OFM prior to authorizing such purchases, and used units must be inspected by OFM prior to purchase to ensure the unit's condition is as advertised.

5.5.1 Commercial Vendors – Competitive bid pricing shall be evaluated based upon the general range of value of the purchased item through a listing in a nationally recognized publication, through an appraisal by a licensed appraiser, or through other reliable means approved by the purchasing agent, and the price falls within the documented range.

5.5.2 State and other Government Entities – In accordance with M.C.L. § 4.12.090, "*the purchasing agent may purchase from any federal, state or local governmental unit or agency secondhand articles or equipment or other materials, supplies, commodities and equipment without public advertising and competitive bidding.*" In such cases, pricing shall be evaluated based upon the general range of value of the purchased item through a listing in a nationally recognized publication, through an appraisal by a licensed appraiser, or through other reliable means approved by the purchasing agent, and the price falls within the documented range.

- 5.6 Leasing Units. With the exception of "*leases of equipment (exclusive of office equipment) and motor vehicles used for seasonal construction or repair work including, but not limited to street and road paving and*

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*construction projects,” M.C.L. § 5.04.020, provides that “leases for equipment or automobiles shall be approved by resolution of the metropolitan council if the annual expenditure for the lease exceeds five thousand dollars per year.” To request a leased unit, a user agency must provide the Metro Council with documentation of a lease-versus-buy analysis that shows the lease to be more advantageous to Metro than unit ownership.*

OFM encourages use of short term leases in lieu of purchase when unit use would not warrant purchase (*e.g.*, crane trucks, bucket trucks, construction equipment, *etc.* that are under contract for short term rental or lease). All leasing shall be conducted through leasing contracts established by the Department of Finance, Procurement Division.

Upon the lease of any units to be managed and maintained by OFM, the user agency must notify OFM and provide lease documentation to the Department of Finance, Financial Operations to determine if the units must be entered in the Fixed Assets module as a fixed asset (capitalized) or tracked asset.

- 5.8 Donated Units. Agencies are authorized to take possession of donated units upon Metro Council approval, provided that it is in accordance with Executive Order No. 007.

Upon approval of a donated unit, the agency must notify both OFM and the Department of Finance, Financial Operations. Donated units shall be titled, registered, licensed and marked as Metro-owned and shall not be returned to the donor. Donated units may not be replaced with appropriated funds without approval of the Director of Finance.

- 5.9 Acquisition Record-Keeping. Agencies must provide purchase documentation to OFM as necessary for the inclusion of units in the fixed asset system as a tracked asset.

The OFM asset manager shall establish and maintain (at minimum and in digital format as appropriate) a central file of the following acquisition information for all units:

- agency request documentation;
- approval documentation;
- budget request and budget amendment (if applicable) information;
- grant information (if applicable);
- requisition and Invitation to Bid (ITB) or Request for Proposal (RFP);

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- contract;
- purchase order;
- dealer invoice;
- manufacturer's statement of origin (if applicable);
- odometer statement (if applicable); and
- line set ticket (medium and heavy duty units only).

6. Disposal

Each Metro agency must arrange the disposal of all vehicles and equipment with the OFM Asset Manager (615-862-6787). OFM will evaluate units submitted for disposal to determine condition and possible reassignment or removal from service. The funding source of units will also govern disposal as follows.

- 6.1 4% Fund. Units purchased with 4% funds will be processed as surplus property, and proceeds from their sale will be credited to the vehicle and equipment capital replacement program budget.
- 6.2 Enterprise Fund. Units purchased with enterprise funds will be processed as surplus property, and proceeds from their sale will be credited to the respective enterprise agency.
- 6.3 Grant. The disposal of units purchased in whole or in part with grant funds shall be in accordance with grantor guidelines.
- 6.4 Other Source of Funding. Units funded by other sources will be processed as surplus property. The user agency must consult with the Department of Finance and provide OFM with documentation directing the disposition of sales proceeds.

7. Transfer of Units

The transfer of any unit directly between Metro agencies must be approved by OFM. If approved, the fixed asset and fleet systems shall be updated to ensure operating costs for the unit are distributed correctly. Any transferred units will retain their original identification (decal number).

8. Compliance and Enforcement

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All employees share in the responsibility for compliance with this order. Any violations should be brought to the attention of an appropriate agency supervisor. Further, the Agency Fleet Coordinator is responsible for overseeing and managing compliance and ensuring the maintenance of comprehensive documentation demonstrating that the agency is in compliance with all requirements of this order.

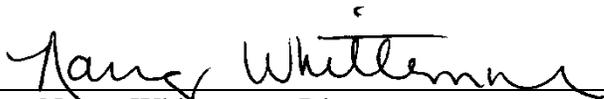
Each Agency Head is responsible for the enforcement of this order and may issue policy and procedures that are more restrictive than or supplementary to the requirements of OFM administrative orders, policies, and procedures.

9. Disciplinary Action

Disciplinary action to be taken when employees violate the requirements of this order shall be consistent with policies and procedures set by each agency and, to the extent applicable, the rules of the Civil Service Commission.

10. Order Documentation

Administrative Orders are issued to Agency Heads via email and are posted on the Inside Metro website under General Services.

  
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Nancy Whittemore, Director  
Department of General Services

9-2-2014  
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Date