

HURUNUI DISTRICT COUNCIL

POLICY

VEHICLES



Adopted: Strategy and Policy Committee, 12 September 2013

Replaces: [Name of any old policy being replaced]

Review date: [Date by which the policy should be reviewed]

General

Policy Statement

The Hurunui District Council shall have a robust system in place to manage Council-owned vehicles by:

- Ensuring cost effectiveness in both the purchase and operation of vehicles to enable staff members to carry out their duties, thus providing an efficient service to the District's ratepayers
- Ensuring that vehicles purchased are suitable for their intended purpose
- Ensuring that vehicles are regularly maintained and kept clean and tidy
- Ensuring staff members who drive the vehicles are responsible for any driver-related costs incurred
- Ensuring that replacement vehicles are procured in a timely manner, based on a total cost of ownership basis, with input from the vehicle steward, as appropriate

This policy document does not apply to the Hanmer Springs Thermal Reserve Management Committee which, as a business unit, will develop its own policies for consideration and ultimate adoption by the Council.

Scope of policy

- The Mayor, if he / she selects the option to have a vehicle included in his / her remuneration package.
 - Staff members who monitor and implement the policy.
 - Staff members who have access to Council-owned vehicles.
 - Staff members who are vehicle stewards.
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Responsibilities

The elected members of Council shall set the policy and approve the budget relating to the purchase, repair and maintenance of vehicles owned by Hurunui District Council.

The Council shall authorise the purchase of all vehicles.

The implementation of this policy is the specific responsibility of the Chief Financial Officer who will liaise with relevant Managers and staff members, and may delegate day-to-day tasks to specified people, but shall retain overall responsibility.

Where a vehicle is allocated to an individual staff member (vehicle steward), that person is responsible for ensuring that the vehicle is regularly maintained and kept clean and tidy.

The Chief Financial Officer shall oversee the maintenance, repair and replacement of pool vehicles.

**Interpretation /
definitions**

Fleet vehicles = any vehicle owned by the Hurunui District Council, whether or not it is allocated to a vehicle steward.

Pool vehicle = any vehicle owned by the Hurunui District Council but not allocated to a vehicle steward.

Vehicle steward = any person who, due to their designation, is allocated the use of a dedicated vehicle.

**Related documents /
references**

Hurunui District Council policies on:

- Procurement
 - Depreciation
 - Operational Policies e.g. Roading and Utilities
 - Human Resources (in relation to staff members who have the use of a vehicle as part of their employment agreement)
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Procedures

Note: The Hurunui District Council Procurement Policy excludes the purchase of new vehicles, hence this specific policy.

1. Introduction

Each year, the Council will allocate the budget for the purchase of vehicles as part of the Annual Draft Plan. Recommendations for purchase of new vehicles will be presented to the Council throughout the year as required.

The Hurunui District Council procures and allocates light vehicles to:

- Selected managers, including the Chief Executive Officer, for whom the use of a vehicle is included in their employment agreement.
- The Mayor, should he / she select this option.
- Designated staff members who, due to the nature of their role, are allocated a dedicated vehicle for their use.
- A vehicle pool, for the use of staff members who require access to a vehicle from time to time to carry out their duties.

The Manager, Amenities and Special Projects shall maintain a database of all vehicles currently owned by the Hurunui District Council. This database shall be updated at least annually, with the details of each vehicle as to:

- Registration number, make, model, cc rating, year,
 - Odometer reading (as at a specified date)
 - Name of the vehicle steward, where relevant
 - Fuel Card number
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2. Allocation of vehicle costs to cost centres

Every vehicle is allocated to a "cost centre" into which every item of expenditure on the vehicle is charged. Income is credited to the cost centre when the vehicle is used for a different activity. The charge-out rate will be as determined and reviewed from time to time by the cost-centre manager.

The net cost of any new vehicle is to be shown in the schedule of items to be prioritised by Council for inclusion in the Draft Annual Plan. When approved, the amount will be shown in the relevant cost-centre accounts under "Capital Expenditure".

Proceeds from the sale of vehicles also go to the same cost centre, with the amount credited (or debited) being the difference between the sale price and the depreciated value of the vehicle at the time of sale. (If the vehicle is sold for less than its depreciated value, there will be a debit against the cost centre).

The depreciation of vehicles is in accordance with the Council's Depreciation policy. For motor vehicles the depreciation rate is 20%.

3. Replacement of vehicles

As a general rule it is preferable that vehicles be replaced before the expiry of the warranty, which is typically 36 months or 100,000 kms). However, vehicles may be retained for a longer period if:

- Given its service history and performance, the vehicle might reasonably be expected to provide cost effective running for up to two more years, or
- The make and model of the vehicle is such that it would be reasonable to expect it to provide cost effective running for substantially greater distance e.g. a Land Cruiser might typically last for at least 300,000 km

Individual cost centre managers will forward vehicle replacement requests through their Departmental Manager to the Manager, Amenities and Special Projects for prioritisation in the next round of vehicle purchases. Because of the time involved through public consultation in the preparation and adoption of the Council's Annual Plan, it is recognised that the estimates at this stage will be approximate only.

4. Purchase of vehicles

All vehicles purchased by the Hurunui District Council shall be:

- Purchased within the total budget approved by Council in the Annual Plan
- Compliant with this policy
- Authorised by the Council, based on a report and recommendation from the Manager Amenities and special Projects
- Recommended on the basis of Total Cost of Ownership principles (refer below)
- "New Zealand new" (as the Council supports New Zealand industry and will not consider used imports except under exceptional circumstances)
- Purchased from suppliers based within Hurunui District where practicable, unless this would result in the Council paying greater than 5% in excess of a competitor's price, over the expected life of the vehicle

Council vehicles will be sourced utilising Total Cost of Ownership principles in order to ensure objective, auditable, cost transparency around the purchase decision. Total Cost of Ownership principles take into account the following aspects:

- Purchase price
 - Expected sale price
 - Fuel consumption and star rating
 - Other running costs
 - The safety features and rating
 - Depreciation
 - Servicing frequency required by the warranty
 - Length of warranty
 - Any free servicing or other benefits covered under the warranty
 - The staff time and fuel costs of travelling out of the area for servicing, where relevant
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Once the budget has been allocated, a total cost of ownership (TCO) analysis will be obtained for a selection of vehicles meeting the requirements for a particular use. This TCO analysis may be obtained from a specialist provider such as GSB for a fixed fee, however other fleet analysts may be considered if similar information can be provided at a lesser cost.)

The process for purchasing a replacement vehicle includes:

1. Allowing a six month lead time, the Team Leaders and/or Managers of all sections where vehicles are allocated to staff members shall review the current fleet for their section, identifying any vehicles that are recommended for replacement
2. The section Manager shall make recommendations to the Manager, Amenities and Special Projects, who shall assess these in terms of the wider fleet, along with policy and budget considerations
3. Where such recommendations are approved by the Manager, Amenities and Special Projects, he / she shall, in liaison with the person who will act as the steward for each respective vehicle, develop a shortlist of potentially suitable vehicles to be subject to TCO analysis by GSB or a similar selected provider
4. Where people are allocated a vehicle as part of their employment agreement, the Manager, Amenities and Special Projects shall annually review these, along with pool vehicles, to ensure replacement vehicles are purchased where required
5. The Manager, Amenities and Special Projects shall identify the most appropriate supplier/s and request a written quotation - within the guidelines set out below
6. Once all the information is to hand, the Manager, Amenities and Special Projects shall produce a report, recommending the purchase of specified vehicles
7. The report shall be presented to the Strategy and Policy Committee with a recommendation for approval by the committee
8. The Manager, Amenities and Special Projects shall add the new vehicles to the database and organise the disposal of any vehicles not required for the pool

In making vehicle replacements, the Council will be acting within the following general understandings:

- Council vehicles will be of a make and model such that they are perceived by residents as practical and serviceable, maximising the use of ratepayer funds
 - The Council will minimise its liability for fringe benefit tax by purchasing goods service vehicles for its fleet, except when individual employment contracts for senior managers provide for private use of the vehicle. (Goods Service Vehicles require Council markings on both sides of the vehicle, and station wagons must have their rear seats bolted down or removed.)
 - Used vehicles may be considered where there are significant cost advantages.
 - The colour of the goods service vehicle fleet shall preferably be white to reinforce the Council's corporate image but other colours may be considered depending on availability.
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- Vehicle type, size and cc rating will be dependent on the intended use of the vehicle, taking into account a number of factors including the following:
 - o equipment carried
 - o proportion of off-road travel
 - o proportion of unsealed road travel
 - o number of long duration trips
 - o number of different drivers
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5. Operation of vehicles

Security

To maximise security for Council vehicles, a vehicle steward may take the vehicle to and from his/her home provided it is within 5kms of the workplace.

Where vehicle stewards live beyond a 5km radius, the vehicle will be kept at the office or closest Council depot unless the Chief Executive Officer has granted an exemption.

When parked at home, vehicles should preferably be parked off the road, and be in a garage or carport.

Vehicles in the Council pool shall be parked in the secure vehicle compound at the Council's Amberley office, overnight, over weekends and on public holidays.

Cleaning

As the image of the Council is at stake whenever a Council vehicle is observed, vehicle stewards are responsible for maintaining vehicles at all times in a clean and tidy condition, inside and out (within the limitations of the particular road conditions prevailing). The vehicles parked in the compound are cleaned weekly by a contractor.

Availability

All fleet vehicles are to be available to all staff as required, by prior arrangement with the staff member to whom a vehicle is allocated. When the staff member is absent through annual leave, extended sick leave or attendance at training courses or conferences, his/her vehicle is either to be left at the respective work place or access and keys are to be made available to his/her respective Department manager.

Registration/Insurance

Registration and insurance will be the responsibility of the Manager Financial Services. Details of new vehicle purchases must be given to the Manager Financial Services before the vehicle is collected. Registration stickers will be issued annually and will be affixed (and old ones removed) by individual staff members.

6. Maintenance

Fuel

Individual staff members / vehicle stewards will be issued with and be responsible for the fuel cards for their respective vehicle.

The Manager Financial Services will negotiate and enter into a fuel supply contract, to the maximum benefit of the Council for cost and accessibility.

Lubrication

Cost-centre managers will determine the most cost-effective method of obtaining lubrication services taking into account location of workshop, material and labour costs.

Individual vehicle stewards are responsible for ensuring that servicing is carried out in accordance with the vehicle manufacturer's specifications and by the supplier's mechanics, where this is required by the warranty.

Puncture Repairs

Cost-centre managers will determine the most cost-effective method of having punctures repaired taking into account location of workshop, material and labour costs.

New Tyres

As there is a very high mark-up on tyres, all new tyres shall be purchased through the Council GSB contract. Arthur Burke Ltd will match GSB prices if arranged prior to purchase with the Manager.

Mechanical Repairs

Cost-centre managers will determine the most cost-effective method of having mechanical repairs done, taking into account location of workshop, material and labour costs.

Panel Repairs

The appropriate insurance claim documentation shall be completed by the Manager Financial Services when applicable.

Windscreen Replacements

Provided the appropriate insurance claim documentation has been complied with, windscreen replacements shall be carried out by the fastest available means.

Warrants of Fitness

Each vehicle steward is responsible for ensuring that warrants of fitness are current and the sticker is displayed in the correct position on the vehicle.

7. Infringements

Traffic Infringements

Any staff incurring parking, speeding or other driving related infringement tickets are responsible for defending the claim or payment of any fine.

Vehicle Infringements

The nominated vehicle steward is responsible for ensuring that the vehicle is safe and roadworthy and appropriately certificated at all times.

8. Misconduct

Unauthorised use of a Council vehicle or driving under the influence of drugs or alcohol will be regarded as serious misconduct and will be dealt with by the Chief Executive Officer.

END OF POLICY