

220-RICR-70-05-2

TITLE 220 - DEPARTMENT OF ADMINISTRATION

CHAPTER 70 - CAPITAL ASSET MANAGEMENT AND MAINTENANCE

SUBCHAPTER 05 - STATE FLEET OPERATIONS

PART 2 - Rules and Regulations Governing the State Fleet Replacement Revolving Loan Fund

2.1 Authority

This Part is promulgated pursuant to R.I. Gen. Laws § 42-11-2.4(d).

2.2 Purpose

The purpose of this Part is to provide for the orderly and equitable disbursement and repayment of funds from the State Fleet Replacement Revolving Loan Fund. This includes the purposes for which the loan fund may be used, as well as the process for application, selection, and repayment.

2.3 Scope and Applicability

- A. While the use of the loan fund shall not be the exclusive means by which agencies are permitted to acquire vehicles, if an agency wishes to access the loan fund it must comply with these rules.
- B. This Part shall apply to all agencies who request the use of the loan, which may include agencies that are not specifically regulated by the Office of State Fleet Operations.
- C. These rules must be read in concert with the “Rules and Regulations Governing the Office of State Fleet Operations and the Management and Use of State Owned Motor Vehicles by State Agencies” 220-RICR-70-05-01. In the event of any inconsistency with the provisions of that Part, the provisions of this Part shall apply.

2.4 Definitions

- A. As used in this Part, the following terms shall have the following meanings:
 - 1. “Department director” means the heads of departments as enumerated R.I. Gen. Laws Chapter 42-6.

2. "General officer" shall have the same meaning as defined in R.I. Gen. Laws § 42-11.3-1(1).
3. "Light vehicle" refers to passenger cars, pickup trucks, vans, sport utility vehicles, or any other vehicles included in state fleet operations' generic vehicle specifications.
4. "Lease payment" refers to annual payments made by state agencies to the state fleet replacement revolving loan fund to cover the principal amount loaned to the state agency for the acquisition of a vehicle and/or associated equipment, as well as any interest or service charges applied to the principal amount.
5. "Office of state fleet operations" is a discrete unit of the division of Capital Asset Management and Maintenance within the department of administration which has been designated by the director of administration to be responsible for implementing this Part.
6. "State agency" for the purposes of this Part shall also include the judiciary and all other commissions and agencies and any other commission or agency which is hereinafter created or established within this state.
7. "State agency head" shall mean the chief executive officer of a state agency.
8. "State fleet" refers to all motor vehicles owned by the State of Rhode Island, that have been allocated to a state agency and are under the control of the office of state fleet operations.
9. "State Fleet Replacement Revolving Loan Fund", also referred to as the loan fund, and refers to the restricted receipt account established pursuant to R.I. Gen. Laws § 42-11-2.4 and/or to any internal service fund created under legislative authorization.
10. "State-owned motor vehicle" refers solely to passenger and motorized equipment fleet and attachments, where applicable, irrespective of the source of funds utilized to acquire the vehicle or, in the case of vehicles leased by the state for state purposes, the title holder of record for the vehicle. Categories of vehicles included in this definition include, but are not limited to, the following:
 - a. Passenger cars;
 - b. Pickup trucks, vans and all-purpose vehicles;
 - c. Heavy trucks;

- d. Buses;
 - e. Trailers;
 - f. Motorcycles;
 - g. Off-road equipment. Including mobile equipment and any of the following types of land vehicles, as well as any attached machinery or equipment:
 - (1) Bulldozers, farm machinery including tractors, forklifts and other vehicles designed for use off public roads;
 - (2) Street sweepers;
 - (3) Backhoes, graders and other road construction equipment;
 - (4) Snowmobiles
11. "Straight buy" refers to the outright acquisition of a vehicle by an agency with funds appropriated to that agency, regardless of the source of funds (i.e. general revenue, federal, etc.), exclusive of funding from the loan fund.
12. "Vehicle replacement plan" refers to annual plans submitted by state agencies, as requested by the office of state fleet operations and/or the state budget office, detailing the respective agency's anticipated vehicle replacement needs over a multi-year period.

2.5 Purposes for which the State Fleet Replacement Revolving Loan Fund may be Used

- A. The purpose of the loan fund is to serve as a funding source for vehicle purchases by state agencies.
- B. All money placed in the State Fleet Replacement Revolving Loan Fund shall be used to make loans for the purchase of new and/or used vehicles and associated equipment and attachments.

2.6 Application for Funding

- A. Each agency assigned vehicles from the state fleet is required to submit an updated three-year vehicle replacement plan annually no later than June 15 to the office of state fleet operations, with a copy to the Budget Office, in a format determined by the office of state fleet operations. Any anticipated vehicle purchases, whether straight buys with agency funding or requests to finance

through the revolving loan fund, must be included in the vehicle replacement plans.

- B. The vehicle replacement plan shall constitute the application to obtain financing through the State Fleet Replacement Revolving Loan Fund.
- C. As a condition for obtaining a loan from the loan fund, state agencies will be required to execute a loan agreement as prescribed within, in which they agree to the repayment of the loan and any applicable service charges.

2.7 Decision to Approve Funding

- A. The office of fleet operations, in consultation with the state Budget Office, will make the final determination on the allocation of funds from the State Fleet Replacement Revolving Loan Fund. Loans will be dependent on the balance of funding available in the loan fund for the respective fiscal year. While the office will make every attempt to allocate funds on an equitable basis among agencies, primary focus will be on those vehicles most in need of replacement, as determined by the office under the criteria listed in § 2.7(B) of this Part.
- B. The office of state fleet operations shall make the final determination on the replacement of vehicles. This determination shall be made based on criteria including, but not limited to, the age of the vehicle, mileage, and maintenance costs, how the vehicle is used and overall vehicle condition.
- C. Vehicles returned to the office of state fleet operations by one agency may be used to replace older vehicles or vehicles in worse condition at other agencies, in lieu of replacement with new vehicles. In such an event, a fair trade-in value will be determined by the office of state fleet operations and may be assessed to the acquiring agency, offsetting the returning agency's new vehicle costs.
- D. Each agency will be notified of the decisions with regards to replacement of vehicles and the allocation of funds from the loan fund within three months, if possible, of the final submission of vehicle replacement plans by all state agencies requesting replacement of vehicles. Notification will be made in writing by the office of state fleet operations.

2.8 Payments from the Fund

- A. Upon approval of the replacement of vehicles and the allocation of funds from the State Fleet Replacement Revolving Loan Fund, agencies will be required to create purchase requisitions consistent with guidelines provided by the office of state fleet operations and the division of purchases.
- B. No purchase requisitions for purchases against the loan fund will be approved until a signed loan agreement has been received and accepted by the office.

- C. All payments for vehicles that are financed from the loan fund will be made not by the recipient agency, but by the office of state fleet operations.

2.9 Loan Agreement

- A. The office of state fleet operations will develop a loan agreement form that will be used to establish a loan between the office and each respective state agency.
- B. The loan agreement will document the vehicles and/or equipment being acquired, the term of the loan, the service charge due from the agency, and the repayment schedule of the loan. The agreement will also indicate the account(s) to be billed annually for the principal and service charge components of the loan.
- C. The agreement shall be signed by the department director or their designee and by the office of state fleet operations.

2.10 Repayment Provisions

- A. The office of state fleet operations will bill each agency annually for lease payments through the state's accounting system by charging those accounts as provided for in the loan agreement.
- B. The proceeds from the repayment of any loans shall be deposited in and returned to the loan fund, to constitute a continuing revolving fund for the purposes listed above.
- C. If an agency no longer wants to maintain a vehicle acquired under a loan agreement and there are lease payments still due, it is the responsibility of the agency to find another agency to take over the vehicle and assume the lease payments. If no agency can be found to take over the lease payments, the agency on the loan agreement will be required to continue paying all lease payments until the loan is repaid in full.
- D. If a vehicle acquired under a loan agreement is no longer useable by the agency due to an accident and there are lease payments still due, the agency will be required to continue paying all lease payments until the loan is repaid in full. Any salvage value or insurance proceeds that may be received due to an accident will be used to reduce or pay off the outstanding loan.
- E. Outstanding loans shall become the responsibility of any successor agency if the original agency is merged with a new agency or abolished.

2.11 Loan Terms Shall be Based on the Following Schedule:

- A. Terms
 - 1. Passenger Cars/Pickup Trucks/Vans/All Purpose Vehicles

	Costing \$50,000 or less	3 years
	Costing \$50,001 or more	5 years
2.	Heavy trucks/equipment/buses	
	Costing \$100,000 or less	5 years
	Costing \$100,001 or more	7 years
3.	Trailers/motorcycles/off-road equipment	
	Costing \$50,000 or less	3 years
	Costing \$50,001 or more	5 years
4.	Attachments/equipment acquired separately from vehicle	
	Costing \$50,000 or less (per item)	3 years
	Costing \$50,001 or more (per item)	5 years

B. Service Charges.

1. Service Charges: all lease arrangements will be assessed a one-time service charge to be paid with the first lease payment as follows:
 - a. Acquisitions of \$100,000 or less 1.0% of acquisition price per vehicle
 - b. Acquisitions of \$100,001 or more 0.75% of acquisition price per vehicle.
2. The purpose of the service charge is to build up resources in the revolving loan fund. Funds shall not be used to offset any administrative costs associated with the fund.

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**PART 2 - RULES AND REGULATION GOVERNING THE STATE FLEET
REPLACEMENT REVOLVING LOAN FUND (220-RICR-70-05-2)**

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