

**City of Alexandria, Virginia
 FY 2023 Proposed Operating Budget & CIP
 Budget Questions & Answers**

April 5, 2022

Question: Please share the City policy that guides when a vehicle is replaced? Given the value of used cars in the current marketplace, is there an opportunity to capitalize on current trade in value for City owned vehicles for replacements that may be either less expensive or produce lower emissions or electric possibilities?

Response:

The City’s current vehicle replacement policy considers the following best practices: Original cost, Depreciation, Preventative Maintenance, Scheduled Corrective Maintenance, Unscheduled Maintenance, Mileage/Hours Used, and the City Council-adopted [Alternative Fuel Fleet Policy](#). Fleet Management uses the following vehicle replacement schedule as a general indicator of when a vehicle should be evaluated for replacement:

	Replacement is Typically Based on Time or Mileage	
Type	Time (years)	Miles
Patrol Cars	6 years	90,000 miles
Motorcycles	3 years	40,000 miles
Detective	10 years	120,000 miles
Light trucks/sedans	10 years	120,000 miles
Heavy trucks	12 years	75,000 miles

The Fleet Services Division (FSD), working with partner departments, may extend or shorten a vehicle life as needed based on the vehicle’s condition and industry best practices. FSD continues to work with customer departments on equipment needs to ensure support while observing the Alternative Fuel Fleet Policy objective to increase non-petroleum-based vehicles and equipment using current City infrastructure.

Regarding trade-ins, most City vehicles and assets are purchased via either a state bid contract or a specifically sourced contract, and trade-in values are not negotiated in those contracts. From the City’s perspective, the goal is to use vehicles until they reach the end of their useful life, at which point – when the vehicle is sent to auction – the City will get more at auction typically than for a trade-in. There can be some advantages to specialized equipment trade-ins, in which the City would aim to write a specialized bid to include specific vehicle specifications.

It is not advantageous to auction vehicles that are not yet fully depreciated, even in the current market of high used car values. The lead time for replacements is 9-18 months. Auctioning vehicles before fully depreciated, attempting to take advantage of the high used car values, is not the best practice because it leaves the City without a replacement for the duration of the lead time. Additionally, the improved market does not mean that the City will get an increased return at auction. Finally, the return may not offset using the asset until the end of its lifecycle because the City procures vehicles under a state or other government contract which receives the best possible prices. Therefore, auctioning a vehicle before it is fully depreciated is not a best practice or the best use of funds.

The City in 2021 adopted an Alternative Fuel Policy. This policy, implementation of which depends on investment in electric vehicle charging infrastructure, includes goals to replace 25% of the City's fleet with electric vehicles by 2024 and reducing overall vehicle emissions from the City's fleet by 25% over the next 10 years. As more electric charging infrastructure comes available, the City will explore all options to lower emissions and purchase the most cost-effective vehicles possible.