Memorandum

To: Agency Heads, Agency Inspectors General and Agency Fleet Administrators

From: Paul Tart, Fleet Acquisitions Compliance Administrator

Date: June 29, 2017

Re: 2017 Biennial Break-even Mileage Calculation

Pursuant to Chapter 287.16(10) Florida Statutes, the Department of Management Services is required to calculate biennially the break-even mileage at which it becomes cost-effective for the state to provide assigned motor vehicles to employees. The break-even mileage is the calculated mileage of vehicle utilization when the cost of providing a state vehicle equals the state’s cost for reimbursing employees for use of a personally owned vehicle (POV) on state business.

Agencies should first consider providing state vehicles to employees whose annual miles of personal vehicle use exceed the break-even mileage by the greatest number of miles. The more the annual miles of personal vehicle use exceeds the break-even mileage, the greater the cost effectiveness in providing a state vehicle. The figures below include all categories of costs including capital cost.

Most employees using personal vehicles on state business are driving automobiles. Therefore, the break-even calculations are provided based on a compact and midsize U.S. Environmental Protection Agency (EPA) size class automobile.

Break-even Mileage:

| 2017 Ford Focus S sedan, compact | 6615 miles per year |
| 2017 Ford Fusion sedan, midsize | 7460 miles per year |

In compliance with Florida Statutes, the break-even calculations are available below.

**Vehicles:** The vehicles selected for the calculation are a compact and midsize EPA size class automobile. The compact vehicle model is the 2017 Ford Focus, 4 door sedan, S model. The midsize model is the 2017 Ford Fusion, 4 door sedan, S model. Both vehicles are available on the State Term Contract (STC) for motor vehicles number 2510000-16-1. Florida Statute requires that the smallest class of vehicle that can safely perform the job functions must be the vehicle purchased.

**Fuel Costs:** Fuel costs were computed based on Florida’s average gas price available on the American Automobile Association (AAA) website of $2.35 per gallon at the time of calculation.

**Purchase of Vehicles:** Agencies are required in section 287.151(1) Florida Statutes and Administrative Rule 60B-1.002 to purchase, lease or rent the smallest class or most economical vehicles that will adequately meet the transportation requirements involved. The accessories and options specified for motor vehicles will be limited to those which are essential to job requirements, or beneficial to the safety, efficiency, economy or energy conservation. Exceptions include vehicles used for law enforcement purposes by law enforcement officers of the state, used as tow vehicles, routinely used to transport more than three adults, bulk materials or vehicles operated frequently on unpaved roads.

**Federal Energy Policy Act:** Before agencies consider purchasing a vehicle located in any county listed below, please contact the Bureau of Fleet Management. These counties are covered by the Federal Energy Policy Act of 1992 and the break-even analysis will not apply as 75 percent of those vehicles purchased in these counties must be a flexible-fuel vehicle.

If the break-even mileage is needed for other classes of vehicles or for questions regarding the information above, please contact the Bureau of Fleet Management at (850) 488-4290.
DMS Fleet Management Break-even Point Analysis—2017 Model Year

2017 Ford Focus 4dr Sdn S (P3E) Line item 12

UNSPSC Commodity Code 25101503
EPA size class Compact
Base vehicle acquisition cost from the state term contract $15,240.00
EPA combined mileage for model 31

**Annual Maintenance and Expense Assumptions**
- Oil change every 5000 miles = 24 at $50 (lifetime) $1,200.00
- Tires (appropriate size with 65000 mile tread life warranty) $520.30
- Cleaning (once every month) 120 @ $15 (lifetime) $1,800.00
- Estimated miscellaneous repairs and expenses (lifetime) $1,800.00
- Insurance ($130 per year, estimated 10 years @ 12000 miles) $1,300.00

Total vehicle cost (lifetime) $21,860.30

Estimated disposal value (10% residual value at auction) $1,524

**Total life cycle cost (acquisition and expense - disposal)** $20,336.30

Total vehicle cost/replacement mileage = cost per mile
Replacement mileage for class (12 years or 120,000 miles) 120000

Vehicle acquisition cost per mile $0.17

**Fuel Cost Calculation**
- Average fuel cost per gallon at time of calculation 2.35
- EPA combined mileage for model 31
- Cost of fuel per mile 0.08

Total lifetime fuel cost @ 120,000 lifetime miles $9,100.65

Combined vehicle cost per mile (acquisition and Fuel) $0.25

Total combined acquisition and fuel costs $29,436.95

Current reimbursement rate for POV travel per mile $0.445

Total acquisition and fuel / Current reimbursement rate = Break-even miles 66150.44
Break-even miles divided by 10 years to reach 120,000 miles 10

Annual miles for break-even calculation 6615

**Conclusion:** If a personal vehicle will be driven more than 6615 reimbursed miles per year, it would be more fiscally responsible for the state to furnish the employee a vehicle.
2017 Ford Fusion 4dr Sdn S FWD (P0G) line item 35

UNSPSC Commodity Code 25101503
EPA size class Midsize
Base vehicle acquisition cost from state term contract $16,993.00
EPA combined mileage for model 25

Annual Maintenance and Expense Assumptions
Oil change every 5000 miles = 24 at $50 (lifetime) $1,200.00
Tires (appropriate size with 65000 mile tread life warranty) $520.30
Cleaning (once every month) 120 @ $15 (lifetime) $1,800.00
Estimated miscellaneous repairs and expenses (lifetime) $1,800.00
Insurance ($130 per year, estimated 10 years @ 12000 miles) $1,300.00

Total vehicle cost (lifetime) $23,613.30
Estimated disposal value (10% residual value at auction) $1,699

Total life cycle cost (acquisition and expense - disposal) $21,914.00

Total vehicle cost/replacement mileage = cost per mile $21,914.00
Replacement mileage for class (12 years or 120,000 miles) 120000
Vehicle acquisition cost per mile $0.18

Fuel Cost Calculation
Average fuel cost per gallon at time of calculation 2.35
EPA combined mileage for model 25
Cost of fuel per mile 0.09

Total lifetime fuel costs @ 120,000 lifetime miles $11,284.80
Combined vehicle cost per mile (acquisition and fuel) $0.28
Total combined acquisition and fuel costs $33,198.80

Current reimbursement rate for POV travel per mile 0.445

Total acquisition and fuel / Current reimbursement rate = Break-even miles 74604
Break-even miles divided by 10 years to reach 120,000 miles 10

Annual miles for break-even calculation 7460

Conclusion: If a personal vehicle will be driven more than 7460 reimbursed miles per year, it would be more fiscally responsible for the state to furnish the employee a vehicle.