

Dennis Carver made a substitute motion because of the large amount of money that is being charged to the departments, and some agencies not having access to a lot of general funds. His substitute motion is to go ahead with the rates except for an across-the-board rate reduction of \$750,000 in order that the projected net income that will be produced is not so high in FY 2016 and 2017.

Mark VanOrden asked Rich Amon to discuss the pros and cons of Dennis's motion.

Rich Amon explained that there is a concern about the general fund borrowing and debt. He said they do not feel that raising the rates by \$1.3 million is over collecting. But changing the way agencies are billed for fuel and lowering the rates by \$750,000 would have a negative impact on the general fund borrowing and how that debt is repaid.

There was a discussion about the sale of the State's leased vehicles over the years.

Chad Whitlock stated that the market for selling used cars has been up because of the economy. The demand shifted from new vehicles to used vehicles because of the downturn. There have been so many vehicles to sell that the state has been fortunate. The market will not continue as it did in the downturn. There has been a loss on selling vehicles the last two years. They want to simplify the system so it is better understood, provides clarity on the costs, and adequately covers depreciation.

Dennis Carver had a question about the trading of cars for cash on the balance sheet and how it gets charged on the income statement through depreciation expense. He wants to know why debt is becoming such an income statement issue. Some discussion followed.

John Reidhead supports the rates as proposed, and feels there needs to be some net income. If not, the general fund borrowing will continue to grow and may be unsustainable.

Francine Gianni asked if there was a second motion for Dennis Carver's substitute motion. There was not a second to the motion. Motion failed.

The Committee went back to the original motion by Becky Bradshaw to approve the FY 16 rates as proposed for Fleet Management.

Mark VanOrden seconded the original motion.

A vote was taken. Six committee members voted to approve the rates, Dennis Carver voted nay. The rates were approved.

Meeting was adjourned at 11:45 a.m.

