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1. OVERVIEW OF VEHICLE LEASING PROGRAM

These procedures are designed to present the framework for utilizing the leased vehicle program at the UW institutions. It contains specific information and examples to assist individuals in the procurement office, business office, and end users to make the program work effectively.

UW System Institutions have authority to procure a leased vehicle under their state procurement delegation. However, Institutions must receive DOA approval before entering into a vehicle lease as outlined in PRO-E-22 of the State Procurement Manual.

Additionally, the “State of Wisconsin Fleet Driver and Management Policies and Procedures Manual” contains important information regarding fleet policies and should be referred to in conjunction with campus specific standards.

On January 16, 2007, Debbie Durcan, Vice President for Finance, issued a memo to the Chancellors regarding DOA Guidance on Chancellor Use of Personally Assigned University Vehicles outlining limited exceptions to the State of Wisconsin Fleet Driver Policies.

2. CONTRACT

At this time there are no established contracts for leased vehicles, however, Institutions should reference section PRO-E-12 for policy regarding leasing and rental agreements. Since a vehicle lease is under $50,000, simplified bidding procedures as outlined in PRO-C-8 can be used to procure a vehicle. The UWSA Procurement Office can assist with these leases and can be contacted at purchasesupport@uwsa.edu.

3. APPROVING AUTHORITY

The Department of Administration, State Bureau of Procurement (SBOP) Director, must approve in writing all requests to lease vehicles. All Institutions must receive this written approval prior to entering into any vehicle contract. Institutions must submit justification to the DOA Transportation Procurement Manager per section PRO-E-22 of the State Procurement Manual. Appendix A contains an example of the letter providing justification and requesting approval for a lease. The Transportation Procurement Manager will make his/her recommendation to the SBOP Director for final consideration. Appendix B contains an example of the SBOP Director’s written approval.

4. VENDOR, LEASE OPTION, AND RATE INFORMATION

Institutions will choose the vendor offering the best overall package which is based on availability, rate, maintenance, insurance coverage, vehicle suitability, and other convenience factors such as delivery time to meet Institution needs. Justification is required when selecting a vendor that is not the lowest cost vendor.

The term of the lease may be 12, 24, or 36 months. If an Institution wishes to retain a vehicle after the initial lease period has expired, they may enter into a new lease for an extended period but must first obtain DOA approval for the extension.

5. LEASE AGREEMENT

Appendix C contains an example of the Lease Agreement that the vendor will provide. The Procurement Office should review it and modify any language prior to signing the document. To be valid, all contracts must be signed by the delegated purchasing agent of the campus leasing the vehicle(s).
6. VEHICLE COSTS/PAYMENT OPTIONS

The vendor is required to accept direct charges or purchase orders from campuses for leases. Appendix D contains an example of a purchase order.

Vehicle leases can be charged to the appropriate corporate travel card under contract. If that program is not available, the lease can be charged to an authorized procurement card.

The Voyager fuel card shall be the only acceptable method for purchasing fuel and vehicle services, i.e., oil changes, wipers, and washer fluid. The procurement card should not be used for charging fuel purchases. If the campus does not have an account with Voyager for use of the Voyager fuel card, contact the University of Wisconsin System Administration Fuel Card Manager.

**Reporting Requirements** - Submit a list, including the make, model, VIN number, lease term, and fuel card number, of all vehicles acquired under this contract to the University of Wisconsin System Administration Fuel Card Manager. Using the Fuel Card Reporting System (Fleet Commander), the System Administration Fuel Card Manager will submit an annual report to the Department of Administration SBOP, describing the total fuel used and miles driven by vehicles under lease.

7. INSURANCE/RISK MANAGEMENT

**A.** Vehicles leased under this program have restricted coverage under the State Risk Management Program and the indemnification provisions of s. 895.46 of the Wisconsin Statutes.

**Reporting Requirements** - In order to secure property coverage on the vehicle, report the vehicle’s value to the Campus Risk Management Office for inclusion in the annual reporting to the University of Wisconsin System Administration Risk Management Office. Submissions to the System Administration Risk Management Office should be made using the Inventory Valuation Summary Form (http://www.uwsa.edu/oslp/rm/manual/part2/annual_renewal.htm, Part 2. III. B.). Failure to report the values and failure to document the reporting of values may exclude the vehicle from coverage whereby the campus shall be responsible for damages.

**B.** Vehicles leased under this program shall be used as pool vehicles when the only liability coverage provided is that provided through the State Risk Management Program and indemnification provisions under s. 895.46, Wis. Stats.

Leased vehicles that are personally assigned and are used for personal miles are not authorized by law to be provided with liability protection under the State Risk Management Program or indemnified under s. 895.46, Wis. Stats. while being driven for personal miles.

**Individuals must purchase liability insurance through their personal insurance agent for personally assigned vehicles, which are to be driven for personal use miles.** What commonly is called an “Extended Non-Owned Vehicle Endorsement” can be added to the individual’s personal auto insurance for a modest expense to insulate an individual when operating the leased vehicle for personal miles.

**Reporting Requirements** - If a vehicle will be driven for personal miles, a certificate of insurance must be obtained from the individual’s personal insurance agent. The certificate of insurance must show, at a minimum, auto liability coverage of $500,000/$1,000,000/$100,000. **This certificate of insurance should be maintained with the lease agreement.**

**C.** Auto property protection shall be provided through the State Risk Management Program. Coverage is not provided for loss of use of the vehicle. If the campus desires coverage for loss of use of the vehicle, it shall purchase this insurance through the leasing company or through a private insurance vendor. A lease agreement may provide for the leasing company to provide the
leasing campus with a vehicle during a loss of use. If the leasing company charges the state for this service, the leasing campus shall be responsible for the costs.

8. LICENSING

Licensing and vehicle registration is handled by the leasing company. Each Institution should decide whether they want standard license plates or special red plates reserved for state vehicles. The state plates cost less than the standard plates and, unlike standard plates, do not need to be renewed annually.

9. AUTHORIZED DRIVERS

(Note: Section references refer to the Fleet Driver and Management Policies and Procedures Manual)

The State of Wisconsin Fleet Driver and Management Policies and Procedures Manual contains important information regarding fleet policies. All fleet drivers should thoroughly read Chapter One. In addition the UW System Driver Procedures can be found here. All potential drivers should consult with the campus Risk Management Office for further information regarding campus specific standards and forms.

A. Minimum Standards for Driving a State Vehicle (Section 1.1): State employees, authorized University of Wisconsin System students, and other authorized agents of the state may be allowed to drive a state vehicle if the following minimum standards are met and approved by their employing campus:

• Must have a valid operator’s license,
• Must have minimum of two years licensed driving experience, and
• Must be eighteen (18) years of age.

B. Vehicle Use Agreements (Section 1.2): All drivers must sign a Vehicle Use Agreement.

10. PERSONAL MILES

(Note: Section references refer to the Fleet Driver and Management Policies and Procedures Manual)

A. Reimbursing Personal Miles (Section 1.10): Internal Revenue Service (IRS) rules provide that the personal use of a state vehicle includes commuting to and from work, even if the vehicle is taken home for the convenience of the state. Personal use is considered a fringe benefit by the IRS unless the employee reimburses the state for the full value of the personal mileage based on the IRS Valuation rules. The value of the fringe benefit must be included in the employee’s wages and is subject to income and employment taxes. No additional employee wages will need to be calculated if the employee reimburses the state for the value of the benefit, derived in accordance with the appropriate IRS rule.

The Vehicle Log & Mileage Reimbursement.xls spreadsheet (Appendix E) contains an example of a vehicle log which can be used to document business and personal use mileage. This spreadsheet also contains a mileage reimbursement form that can be used to calculate the amount of reimbursement required for the personal use mileage. This spreadsheet is available at: http://www.uwsa.edu/fadmin/spectopics.htm. Click on the Vehicle Log & Mileage Reimbursement link that is covered by the respective effective dates of applicable mileage rate changes.

Reporting Requirements – The mileage reimbursement calculation includes the applicable sales taxes, per county, which must be remitted to the State of Wisconsin Department of
Revenue with the Sales and Use Tax Report. The vehicle log and personal mileage reimbursement must be remitted to the Business Office on a monthly basis.

B. Automobile Lease Value Rule (Part 2. of Section 1.10): This method applies to all elected officials or state employees whose compensation rate is at least as great as federal government employees at Executive Level V ($136,200 in 2007 and $139,600 in 2008). ([http://www.opm.gov/oca/index.asp](http://www.opm.gov/oca/index.asp), click on Salaries and Wages, click on Executive Schedule, click on desired file format to the right of Rates of Pay for the Executive Schedule.)

If an employee utilizes a state vehicle for personal use, including commuting, and the personal use of the vehicle is not reimbursed to the state, the value of any non-reimbursed personal use is considered a taxable fringe benefit.

**Reporting Requirements** – Annually, using the Lease Value Rule from the IRS Publication 15-B, the Business Office must calculate the annual lease value and compare it to the total of monthly mileage reimbursements to determine if an additional reimbursement is necessary to meet the Lease Value Rule.
Appendices
To: Rob Severson,  
DOA Procurement  

From: Lori Taylor, Procurement Specialist  
UW System Procurement  

Re: Automobile for UW Extension Chancellor David Wilson  

The University of Wisconsin is requesting permission to lease a vehicle for the new, incoming Chancellor for University of Wisconsin – Extension, Dr. David Wilson.  

President Reilly, with the The Board of Regents approval, has discontinued the monthly vehicle allowance of $700.00 for Chancellors in order to be more fiscally efficient. We are now seeking to lease vehicles from the State contract.  

As we had not planned for this budgetary elimination and did not request an additional fleet vehicle for this purpose, it is imperative we are able to obtain a vehicle for the incoming Chancellor.  

In order to maximize Chancellor Wilson’s ability to be flexible and available to his constituents, as befits his position, we would like to lease either a Full Size Sedan or Small SUV from State Contract #15-97514-401 for a 3-year period.  

Chancellor Wilson will be representing both Colleges and Extension and throughout this 3-year leasing period. He will be traveling extensively as he directs the mission of UW-Extension. The Colleges consist of 13 campuses throughout the state and the Extension offices are located in 72 counties. We are estimating that Chancellor Wilson will be putting 10,000-12,000 miles on this car per year.  

Via the State contract, we looked at the cost of both the Full Size Sedan or Small SUV in the highest cost columns on the contract, and found that in leasing a Full Size Sedan for 15,000 miles, we will be spending $525.00/month. If we lease for unlimited mileage, a Full Size Sedan would cost $500.00/month. Both are well under the $700.00 per month we have spent in the past.  

We appreciate your prompt attention to this matter.
May 24, 2006

Lori Taylor, Procurement Specialist
UW System Procurement
780 Regent St., Room 145
Madison, WI 53715

Dear Ms. Taylor,

Thank you for the materials requesting authorization to procure a maximum 1-year lease for a mid-size sedan in accordance with State of Wisconsin contract 15-97514-401.

In accordance with the State Procurement Manual PRO-E-12 and PRO-E-22, I have approved your request to lease the vehicle which will be utilized by the University of Wisconsin by Chancellor, Dr. David Wilson, as described in you May 12th letter.

This approval is only for the 1 year indicated. If you wish to extend the lease you must obtain approval using the PRO-E-22 procedures.

Please contact Rob Severson at 608-266-8024 or robert.severson@wisconsin.gov via E-mail if you have any questions concerning this lease.

Sincerely,

Helen McCain
Director, Bureau of Procurement
Division of Enterprise Operations
CLOSED END LEASE AGREEMENT AND DISCLOSURE STATEMENT

Lease No. UW1 Date of Lease 5/14/2006

This Lease Agreement (Lease) is between (Lessee) and (Lessor)

Name: University of WI Acme Auto Leasing, LLC
Address: 437 N Lake Street, Rm 527 440 Washington Ave
Madison, WI North Haven, CT 06473
Telephone: 608-263-3360 Toll Free (800) 242-7767

Subject to the terms and conditions of this lease you agree to lease from Lessor the motor vehicle ("Vehicle") described below and will use the Vehicle primarily for personal or business use.

VEHICLE INFORMATION

Year: 2006 Model: Ford
Color: Silver Plate: 
VIN: 1FMEU73EB67B3612
Body Style: SUV Unit #: 6886612
Odometer Mileage: 15

LEASE DISCLOSURES

1. Total Payment Due at Inception: $ 575.00
   - Delivery Charge $ 0.00
   - Registration Fee $ 0.00
   - Purchase Money Payment $ 0.00
   - Refundable Security Deposit $ 0.00
   - Other $ 0.00

2. Term of Lease: 12 Months
   The first payment of $575.00 is due on the 15th day of the month of July, and subsequent payments of $575.00 are due on the 15th day of each month thereafter.

3. Total Monthly Payments: $ 575.00
4. Total of Monthly Payments: $ 6900.00

5. Total Other Charges Payable at Lessee:
   - Disposition $ 0.00
   - Maintenance $ 0.00 (att.)* (see item 9)
   - Other $ 0.00

6. Fees and Taxes:
   - Total amount you will pay during the term for vehicle fees, registration, Certificate of Title, license fees and taxes $ 0.00

7. Insurance (check one)
   - You are required to provide the following insurance coverage:
     Bodily Injury or Death $2,000,000 combined single limit per accident Property Damage $100,000
     Collision ($500 deductible) for actual cash value of vehicle Comprehensive, Fire, Theft Unstated Motor Coverage
   - Lessor will arrange insurance coverage for you at the initial monthly cost to you $ 0.00 (att.)*

8. Standards of Wear and Use of Vehicle:
   The following standards are applicable for determining your (Lessor's)
   Financial responsibility at the end of the Lease Term for the
   unreasonable wear and use of the Vehicle:
   - lessee's cost of reconditioning the Vehicle which exceeds $100
   - excessive mileage of $ .10 per mile over 15,000 miles per year

9. Maintenance of Vehicle (check one)
   - You are responsible for all maintenance and surviving of the Vehicle, including, but not limited to, gas, oil, tune-ups, repairs, tires and storage.
   - Lessor is responsible for the following maintenance:

10. Maintenance charge included in lease fee.

11. Warranties:
   - The Vehicle is subject to ONLY those express warranties provided by the manufacturer's standard warranty of the Vehicle. THE LESSOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONSTRUCTION OR CONDITION OF THIS VEHICLE OR ANY PART OR ACCESSORY THEREOF, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

12. Security interest:
   - The Lessor has the right to assign the security interest to Bank and grant a security interest in the Lessor and the Vehicle to Bank.

13. Late Payments and Penalties:
   - The charge for late payments is five percent (5%) of any monthly or other payment due under the Lease which is not paid within ten (10) days after due and payment in due.
   - In the event you fail to pay Insurance, the Lessor may also pay these expenses and charge you for these costs, plus interest at the rate of 12% per annum until repair is made.

14. Option to Purchase:
   - You have the option to purchase the Vehicle at
     - 
     - 

15. Lease Term:
   - The Lessor acquires no right, title or interest in the Vehicle except the right to use it for the Lease Term as set forth above, which shall commence on the date the lessee accepts the written delivery of the Vehicle. The Lessor's ownership shall be evidenced by the registration and licensing of the Vehicle with the appropriate governmental authorities showing title in the name of the Lessor. The Lessee agrees not to take any action or consent to any action which is inconsistent with the Lessor's ownership of the Vehicle and to keep it free from all encumbrances.

16. Lessor's Payment Obligation:
   - The Lessor shall be paid by the Lessor on the delivery date any advance payments and security deposit set forth above, which shall be held by or for the Lessor without interest. The Lessee shall also pay to the Lessee monthly rental payments as described above, the first of which shall be due and payable on the due date and the remainder shall be due and payable on the same day of each month thereafter.
   - The Lessee shall also pay upon the termination of the Lease:
     - Option to purchase the Vehicle at
     - Payment of any amounts due to the Lessor as a result of the termination of the Lease:
       - The charges for excess mileage at the rate set forth above for each mile in excess of the mileage allowance,
       - Any amount in excess of $100.00 incurred by the Lessor in reconditioning each Vehicle. Any dispute between the Lessor and the Lessee as to the amount due under this Subparagraph (a) shall be submitted to arbitration by an independent arbitrator appointed by agreement of Lessor and Lessee, whose determination shall be final and binding upon the parties.
   - The Lessee shall also pay to the Lessor a disposition charge equal to five percent (5%) of any rents or other payment paid hereunder when due or within ten (10) days thereafter. The Security Deposit set forth above is security for the performance of all lessee's obligations under this Lease, which shall be returned to the Lessee, without interest, only upon the satisfaction of the Lessee's obligations hereunder.

Appendix C
Appendix C (Con’t)
Appendix D

State of Wisconsin Purchase Order

CHANGE ORDER - REPRINT

Show purchase order number on all correspondence.

Date | Page | Revision | Purchase Order Number
--- | --- | --- | ---
07/03/2006 | 1 | 1 - 06/21/2006 | UTG230B974

Payment Terms | Freight Terms | Ship Via
--- | --- | ---
NET 30 | DESTINATION | UPS

Ship To:

PO# UTG230B974

UW COLLEGES & UW-EXTENSION

CHANCELLOR DAVID WILSON

432 N LAKE ST RM 527

MADISON, WI 53706-1498

Vendor: 0000015525

ACME AUTO LEASING LLC

440 WASHINGTON AVE

NORTH HAVEN, CT 06473

Account: 401000

Amount: 6,900.00

Procurement Officer: Inliskoer, Richard

Contract/Bid/FILE: 15-97514-401

For further details on this Purchase Order please contact Barb Sandridge at phone 608-262-3786.

Note terms and conditions on reverse.

Copy 2

TAX EXEMPTIONS

We are a State of Wisconsin agency, and as such, exempt from all federal, state, and local taxes. Federal Registration No. 39-73-1021-E. State No. ES 40706.
### Assigned Vehicle Log

**University of Wisconsin System**
Financial Administration
780 Regent St., Suite 221
Madison, WI 53715

#### Employee Name

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<th>Business Purpose</th>
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<th>Start Location</th>
<th>End Mileage</th>
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<th>Passenger Names</th>
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**Driver Signature:**

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**11**