Government fleet vehicle replacement strategy

Best practices and audit framework

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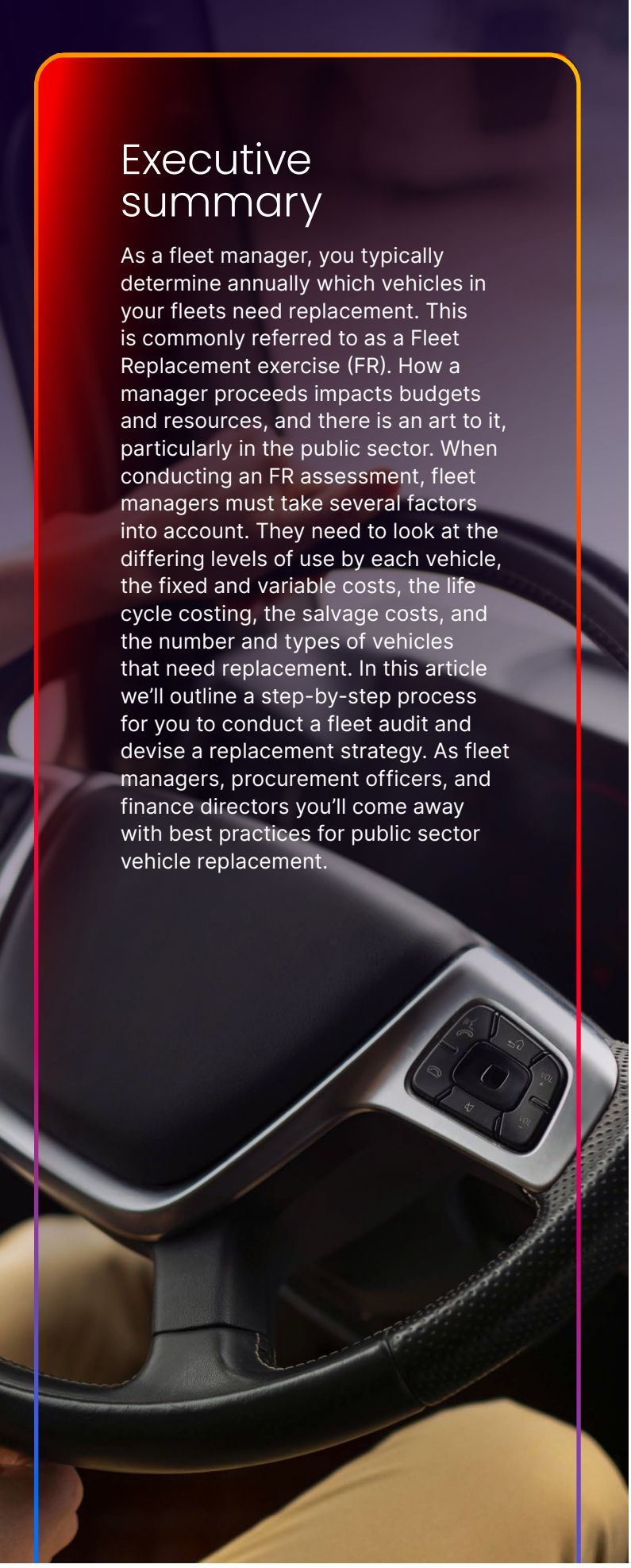

Executive summary

As a fleet manager, you typically determine annually which vehicles in your fleets need replacement. This is commonly referred to as a Fleet Replacement exercise (FR). How a manager proceeds impacts budgets and resources, and there is an art to it, particularly in the public sector. When conducting an FR assessment, fleet managers must take several factors into account. They need to look at the differing levels of use by each vehicle, the fixed and variable costs, the life cycle costing, the salvage costs, and the number and types of vehicles that need replacement. In this article we'll outline a step-by-step process for you to conduct a fleet audit and devise a replacement strategy. As fleet managers, procurement officers, and finance directors you'll come away with best practices for public sector vehicle replacement.

Introduction

Managing a fleet in the public sector differs in many ways from corporate fleet management. For one thing, government fleets are also accountable to the public–public sector fleet managers are spending taxpayer dollars. Another factor: government agencies typically operate on fixed annual or biennial budget cycles, which means fleet replacement must be orchestrated within a rigid budget structure. Procurement adds another layer of complexity — public agencies must navigate competitive bidding requirements, purchasing codes, and approval chains that can stretch timelines considerably. And unlike corporate fleets, government vehicles often underpin essential public services that cannot afford gaps in coverage, making the stakes of poor planning considerably higher. As a government fleet manager, you must be proactive and build a strong strategy at the outset.

In the public sector, the most important data comes from forecasting. **Commercial vehicle supply chain issues** can make forecasting challenging. In an article for *Emerging Issues*, Katherine Willoughby of Georgia State University aptly describes this: "To budget well, government officials must have an understanding, with some certainty, of the resources and costs associated with the future conduct of programs and services. Especially during periods of fiscal decline, accurate revenue estimates can help states maintain budget balance."

Beyond the persistent contemporary problem of supply chain issues, the most common challenges public sector fleet organizations face are aging vehicles, lack of proper funding, sustainability mandates, and compliance requirements.

Understanding the fleet audit

A fleet audit is a comprehensive and strategic review of every vehicle in a government's fleet. You look at the physical condition of your vehicles, but you also want to look at their use and determine where there are opportunities for thoughtful change. A fleet audit should result in a clear, evidence-based assessment of what you have, how it's being used, and whether or not each vehicle is right for its specific use. While you're looking for ways to control costs, you also want to ensure driver safety, and review how compliant your fleet is to the latest environmental goals of your governing body.

Consider including someone from the finance department, relevant department heads, and a representative from procurement in the audit process.

The audit process is not a one-size-fits-all activity — a lot depends on the size of your fleet, and which government organizations you're operating within.

There is a common belief that a layered approach to auditing works best for public sector organizations. Rather than conducting one sweeping annual review, a layered cadence breaks the audit into distinct activities timed to when they're most useful.

For example, a utilization review — examining how frequently each vehicle is actually being used and whether it is right-sized for its assigned function — is well suited to a quarterly cadence, since usage patterns can shift with staffing changes, seasonal demands, or departmental reorganizations.

A maintenance and repair cost review, tracking which vehicles are accumulating repair expenses that signal diminishing returns, is typically done semi-annually. A compliance and safety audit, checking that vehicles meet inspection requirements, registration deadlines, and any applicable emissions standards, may follow an annual schedule tied to regulatory calendars. And a full lifecycle cost analysis, pulling together acquisition costs, depreciation, fuel, maintenance, and projected salvage value, is the comprehensive annual exercise that informs replacement decisions directly.

Each layer feeds into the next — the utilization data, maintenance records, and compliance findings you gather throughout the year become the inputs that make your annual lifecycle analysis actionable rather than theoretical.

Some fleets will require more frequent audits. If you're managing a larger fleet with thousands of vehicles across multiple departments, you'll need to audit your vehicles with greater consistency. Other fleets may be small, but they may also incur higher wear and tear — for instance, emergency, public works, and transit fleets –these fleets too, will require more frequent audits than the average fleet.

Another factor to consider: public sector fleets are often made up of much older vehicles. Catching those vehicles in need of replacement ahead of a breakdown requires more frequent audits. Read on to learn the recommended step-by-step audit process.



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Step-by-step fleet audit process

As a government fleet manager, auditing your fleet annually will both give you peace of mind and provide you with a framework for cost-savings over the year to come. Without an audit, fleet managers tend to make replacement decisions based on intuition or on a "this is the way we've always done things" basis, neither of which are foolproof methods of vehicle management. Audits also surface hidden costs that can reveal which vehicles when replaced will bring you the most benefit. Once you have an audit in place you will have laid the foundation for acceptance of your vehicle replacement strategy by your public sector organization. Below is a step-by-step guide for administering your audit.

Step 1: Inventory review

First, develop a complete list of all the vehicles in your fleet. For each vehicle, catalogue the vehicle type, its age, the make and model, the mileage, and an overall review of the vehicle's condition.

If your fleet is using a fleet management information system (FMIS) during inventory review you'll want to draft a report from that system. An FMIS is a software platform that centralizes all data related to your vehicles and equipment into a single, integrated system.

Your report should include:

- An asset registry
- Maintenance and repair records
- Fuel consumption data
- How the vehicle is used and mileage tracking
- Work order management
    - Tracking and documenting each service request and repair job associated with each vehicle
- Inspection and compliance records
- Depreciation and lifecycle costing
    - How a vehicle's value declines over time and a tally of the cumulative cost of owning and operating it from acquisition to disposal
- Parts and inventory management

With an FMIS platform you'll be able to conduct an inventory review quickly and efficiently.

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Step 2: Utilization assessment

In this step of your audit process, you'll want to look at how each vehicle is used. Start with how often the vehicle is driven. You'd be surprised by how commonly this particular data point reveals inefficiencies for government fleets. Even when a vehicle is sitting idle, you're paying for its insurance, depreciation, and the cost to store the vehicle. All of this data will help you develop an assessment of not only how much each vehicle in your fleet is being used but also how effectively.

Step 3: Condition and maintenance review

Next, document the condition of your commercial vehicles. Telematics tools can help with this assessment. As mentioned in an issue of the **Journal of Computing in Civil Engineering**, "Telematics provides more than spatiotemporal data (location and time)," rather, the tool communicates equipment performance and data about the condition the vehicle is in, including fuel consumption figures, engine hours of use, and oil pressure. It's also important to note how often maintenance is performed, to what parts of the vehicle, and at what cost. Determine if maintenance was deferred at all during the previous year. Vehicles that fail to be run through maintenance on a regular basis are historically the ones that break down earlier than necessary.

There are a few tricks for reviewing the condition of your vehicles. One common practice is testing your fleet's lubricating oil. In a recent study published in **Scientific Reports**, it was noted that monitoring your fleet vehicle's oil degradation and contamination offers valuable insights into engine condition.

Vehicle maintenance costs amount to an average of **15-20%** of a government agency's total operating budget when their fleet has fewer than 100 vehicles. That number increases to 20-30% for agencies with more than 100 vehicles.

Depending on fleet size, some government agencies have found value in consolidating maintenance at regional service centers. When vehicle volume is high enough, centralized maintenance can reduce per-unit repair costs through bulk parts procurement, standardized workflows, and dedicated fleet technicians who develop deep familiarity with your specific vehicle types.



Maintenance can also be conducted through third-party contracting which some would argue is the more cost-effective practice. Government administrators can negotiate fixed low costs with third parties, making this an attractive option. The downside with this option is that you might have a little less control over the quality of work with a third party.

If your fleet is covering both rural and urban settings, your vehicles will require different maintenance needs, with rural fleets experiencing greater wear and tear and faster degradation than urban fleets. This more dramatic wear and tear is due to rural road conditions and larger distance traveled. Rural roads are hard on suspension systems in particular. The level of technical expertise may vary between mechanics in urban and rural settings as well, providing more incentive to include regional centers as part of your fleet management strategy.

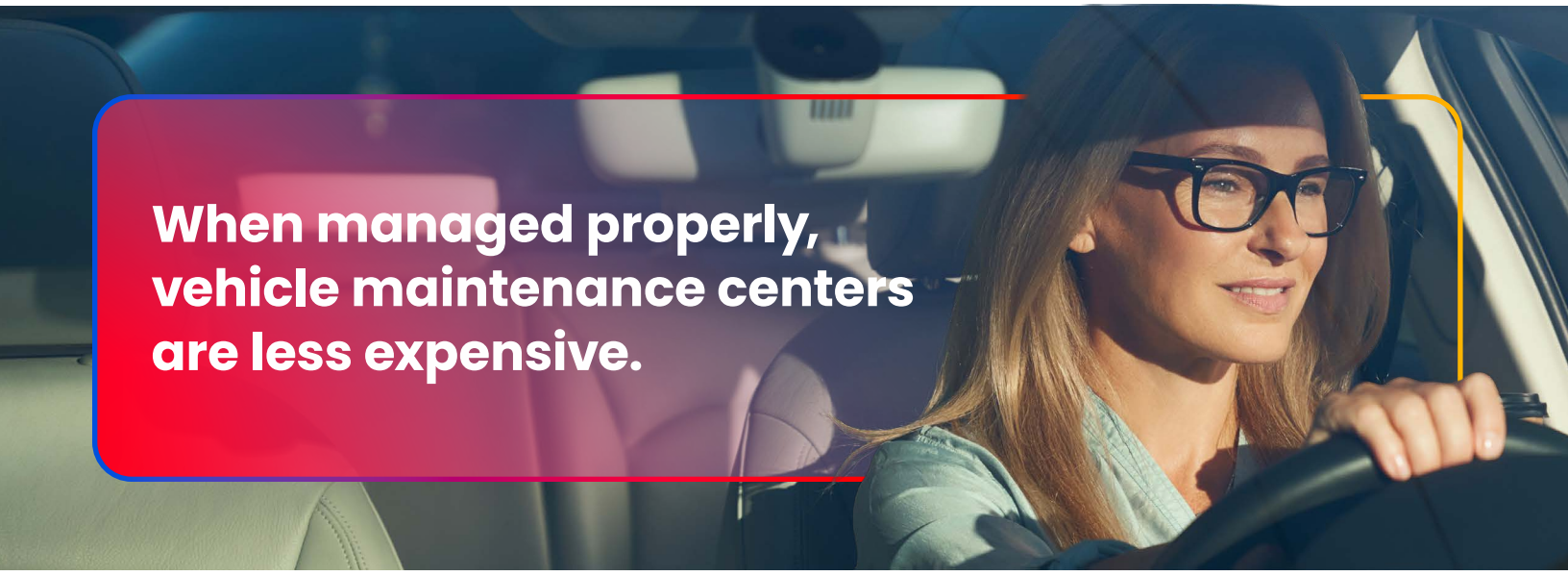
In 2007, the **State of Texas** conducted a study on Illinois's Department of Transportation's (DOT) regional maintenance centers. In 2001, Illinois invested in its first rural maintenance center —a state-funded vehicle repair shop dedicated to public sector vehicles —with the goal to both improve repair work quality and save money. Texas wanted to learn from their process and results. The study concluded that when managed properly, vehicle maintenance centers are less expensive, provide higher quality vehicle care, and are self-sustainable after an initial investment. The way Illinois' maintenance centers were designed allowed for urban and rural areas to share resources, which accounted for much of the cost savings.

Step 4: Map out total cost of ownership (TCO) for your fleet

TCO is one of the most revelatory data points of your audit. You'll want to determine what each vehicle actually cost you over the course of the prior year. You'll tally up the costs of maintenance, fueling, insurance, and financing your vehicles. One thing to keep in mind about TCO is that there's a steep decrease in a vehicle's residual value (RV) during the first few years of its life.

Step 5: Conduct a compliance review

Determine for each vehicle if all safety, regulatory, emissions, and accessibility requirements are met. Also look at driver status for each of your staff to ensure all their necessary legally required documentation meets legal standards.



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Step 6: Review compliance policies

Your vehicle audit is an annual opportunity to look at all your fleet management tools and processes and make sure you have the best policies in place and that you are fully compliant with any regulations by which you operate. Together with your auditor, you would analyze formal government policies, the rules you've established with your drivers around personal use of fleet vehicles, management of fuel cards, and the criteria you use to assess when a vehicle needs to be replaced. This aspect of the audit is an opportunity to check in with your team and ensure all the policies you outlined at the beginning of the year are being followed and all your drivers and the rest of your staff understand and follow those guidelines.

Now that your audit is complete, it's time to build a replacement strategy for your fleet. Read on to learn what steps you need to take to do this most effectively.



Steps to building a vehicle replacement strategy

Any good vehicle replacement strategy will ensure that fleets are hitting the sweet spot: using a vehicle for just long enough before it becomes more valuable to retire and replace the vehicle. As described in a report for **Baztech**, "Too short exploitation periods result in high vehicle ownership costs, whereas too long exploitation periods result in high vehicle utilization costs." The following eight-step framework will help you find the sweet spot. Once you have these steps in place, you'll be well on your way to a more efficient and cost-effective government fleet.

Step 1: Establish a vehicle scoring matrix

Design a system where all the data you collect for each vehicle is scored. This will help you simplify categorizing your fleet into different tiers of viability. Data points to include are:

- Vehicle age
    - How old the vehicle is relative to the expected years of use of that particular class of vehicle
- Mileage
    - Evaluate mileage in the context of the vehicle's duty cycle — the type of driving, operating conditions, and workload it regularly handles. A highway-driven vehicle and a stop-and-go utility vehicle accumulate wear very differently, even at identical mileages. Compare against manufacturer benchmarks for that vehicle class and use type rather than applying a one-size-fits-all mileage cutoff.
- Ratio of maintenance costs (over the last year) to the vehicle's current market value
- Condition rating
    - This should be done by a certified mechanic
- Reliability
    - Frequency of break-downs and unscheduled downtime
- Compliance status
    - Assess whether the vehicle meets current accessibility, emissions, and safety standards

Not every data point carries equal weight in determining whether a vehicle should be replaced. A vehicle that is failing a safety or emissions compliance standard, for instance, presents a more urgent case for replacement than one that is simply aging but still mechanically sound. Weighting reflects those priorities.

In practice, each scoring factor is assigned a multiplier that reflects its relative importance to your agency's operational priorities. Compliance status and reliability might each carry a higher weight — say, 25% of the total score — while vehicle age carries a lower one, say 10%, since age alone is not always a reliable indicator of condition or cost. The specific weights your agency assigns should reflect your service obligations, regulatory environment, and budget constraints, and should be established with input from finance and procurement before scoring begins.

Once each vehicle is scored across all factors and those scores are multiplied by their respective weights, the results are added together to produce a single composite score. That number gives you an objective, defensible basis for ranking vehicles against one another and sorting them into replacement tiers.

Step 2: Classify your vehicles by replacement priority

With your composite scores in hand, you can now create a classified list of your fleet vehicles in order of replacement priority. For most government fleets, a three-tiered system works best. Tier one will be all vehicles in need of immediate replacement. Tier two will comprise vehicles in near-term need of replacement. These vehicles will need to be replaced in the next few years. Tier three is the remainder of your fleet and is all vehicles you will continue to monitor but have no near need to replace. Prioritization ensures that the highest risk vehicles are replaced first. This step in the process ensures a realistic plan for government fleets that are often dealing with limited resources.

Step 3: Right-size your fleet

An audit offers fleet managers another useful benefit: you can get a sense of which vehicles are being underutilized. This allows you to perform a right-sizing exercise. In some cases, you will find that vehicles that are eliminated need not be replaced by new vehicles. Vehicles driven **between 10,000 and 12,000 miles per year** (depending on category of vehicle) are generally considered underutilized for fleet purposes. A vehicle in regular, productive service typically accumulates significantly more annual mileage than that. Low mileage suggests the vehicle is sitting idle for stretches of time — either because demand for it is intermittent, its assigned function is duplicated by another vehicle, or it was added to the fleet in response to a need that no longer exists. An underutilized vehicle still costs money: insurance, registration, maintenance, and depreciation continue regardless of how little it moves. Eliminating it rather than replacing it removes that cost from the budget entirely.

Right sizing is a good exercise to undertake before engaging in building your vehicle replacement plan. Completing your right-sizing exercise before building your replacement plan ensures you are only replacing vehicles your agency actually needs — not simply restocking a fleet that was already larger than your operations require.



Step 4: Evaluate vehicle type and technology options

When analyzing your fleet for replacement, keep your mind open to the possibility that a vehicle you have may not be the right fit for the job it does. You might need a different fuel type, a different class of vehicle, or a vehicle with a different type of technology incorporated into its interface. A common example of mis-utilization is when your fleet has a full-sized truck completing tasks day in and day out that can be done with a small sedan. By swapping out vehicle type in this instance you are saving money on the purchase price as well as TCO factors like the cost to fuel the vehicle. Keeping an open mind throughout the process will help you see these kinds of variables and save your government money each year.

One factor to keep top-of-mind is how electric vehicles (EVs) might dovetail nicely into certain sectors of your government fleet. TCO for EVs continues to decrease, with the low cost of maintenance playing a major role in that lower ownership cost. If you do look at adding EVs and building a mixed-energy fleet, there are a lot of factors to consider and it's wise to create a thoughtful strategy. The installation of charging infrastructure is a major potential investment, and you'll also want to consider your vehicle routes and how you'll track fuel spend across both ICE vehicles and EVs. Look for a fuel card solution that offers both within the same platform. This can do wonders for your fleet accounting and tracking.



Step 5: Build your multi-year replacement schedule

Your multi-year replacement schedule should encompass at least three years, but you could also plan out the next four or five years. Your leadership team will be grateful to you for creating this schedule, and it can also serve as a north star for you as you build for the future. For each vehicle you're replacing you'll want to document the following:

- Vehicle being replaced (asset ID, make, model, year, department)
- Replacement priority tier and scoring rationale
- Proposed replacement vehicle type and specification
- Planned replacement year
- Estimated acquisition cost
- Estimated disposal or trade-in value of the replaced vehicle
- Net budget impact

With a multi-year plan, you can smooth capital spending over several budget cycles. Vehicle purchases are capital expenditures — large, irregular outlays that can put significant strain on a budget if they land all at once. A multi-year replacement plan allows finance directors to anticipate and distribute those costs across multiple budget cycles rather than absorbing them in a single year. Instead of facing a sudden request to replace a dozen vehicles at once, agency leadership can plan for two or three replacements per year over several years — making each ask smaller, more defensible, and easier to accommodate within annual appropriations. This kind of predictability also reduces the likelihood of deferred replacements, where budget pressure forces an agency to keep aging vehicles in service longer than is cost-effective.

Fleet replacement decisions can be a source of friction at every level of an organization. Drivers and supervisors want to know when they are getting a new vehicle. Fleet managers find themselves fielding those questions without always having a clear answer. And agency leadership wants assurance that replacement decisions are being made responsibly, not reactively.

A published replacement schedule, grounded in objective scoring data, gives everyone the same picture at the same time. Drivers and supervisors can see where their vehicle stands in the queue. Fleet managers can point to the plan rather than fielding ad hoc pressure from above and below. And leadership can approve replacements with confidence, knowing the decisions are backed by lifecycle data, compliance requirements, and budget modeling rather than whoever made the loudest case. The plan can not just organize the work — it can diffuse the politics around it.

And of course the replacement schedule allows management to see when their vehicle is up for replacement thus taking the pressure off fleet managers fielding management questions about replacing their vehicles.



Step 6: Develop a funding plan

Securing funding for vehicle replacements in the public sector requires engagement well before budget season. You need to work closely with your finance department to ensure replacement costs are built into annual or biennial budget requests with enough lead time to survive the appropriations process. This means having lifecycle cost data, compliance requirements, and total cost of ownership figures ready to present — budget requests backed by objective data are far more likely to be approved than those based on age or intuition alone.

Depending on your agency's structure, funding conversations may also need to involve procurement, since vehicle acquisitions often require competitive bidding processes that have their own timelines and deadlines. In some cases, fleet managers can take advantage of cooperative purchasing agreements — pre-negotiated contracts through programs like Sourcewell or state purchasing schedules — which can streamline procurement and reduce the time between budget approval and vehicle delivery.

As for documentation and stakeholder alignment, the replacement plan should be shared with finance directors, procurement officers, department heads whose operations depend on the vehicles in question, and agency leadership. Each group has a different stake in the plan: finance needs to budget for it, procurement needs to schedule it, department heads need to plan around it, and leadership needs to sanction it. When all of those parties are working from the same document, approvals move faster, surprises are minimized, and the plan is far more likely to be executed on schedule rather than quietly deprioritized when budgets get tight.



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Step 7: Define your procurement approach

When you replace vehicles, besides listing which vehicles need to be replaced, when, and how their replacement will be funded, you need to determine from where they will be acquired. Because you work for the government, before any vehicle is purchased you must engage in a competitive vendor bidding process. This process adds both complexity and time to your vehicle procurement, so make sure to factor that into your replacement schedule. Some things to consider when defining your approach to procurement:

- Look at cooperative purchasing. Organizations like **Sourcewell** (a WEX service partner) work with government fleets to purchase vehicles at pre-negotiated prices. This saves you on administrative costs and time, and dramatically reduces lead times.
- Build your spec list. You'll need specifications for each vehicle you purchase, so having a list in advance will help you when your procurement team begins evaluating bids and negotiating contract terms.
- With **supply chain issues** the way they are, it pays to be flexible. Build flexibility into your procurement schedule so that if vehicle deliveries fall behind, essential services are not left without coverage.
- While it's exciting to be getting new vehicles, you also need to make a plan for how to dispose of the old ones. Look into vehicle donation programs—NGOs often have ways to donate old vehicles, or find the most effective vehicle disposal facility in your region.

Step 8: Monitor, measure, and adjust

Consider your replacement strategy a living, breathing organism. You will want to stay in close touch with it over the course of your fiscal year, keep it updated with the most recent data, and keep flexible so you can continue to learn and grow your fleet vehicle replacement skills.

As you engage with your strategy, it's a good idea to set benchmarks at the beginning of the fiscal year and then have a regular key performance indicator (KPI) tracking cadence. Here are recommended KPIs to track within your vehicle procurement process:

- Average fleet age
  - Ideally trending down
- Maintenance cost per vehicle
  - You want this declining as older vehicles are replaced
- Vehicle availability and uptime
- Compliance across safety, registration, and emissions
- Actual replacement costs as compared to budget costs
- Amount of grant funding secured as compared to what was targeted

Consider your replacement strategy a living, breathing organism.

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And finally, best practices for government fleets

To round out our report, we provide you below with a comprehensive list of best practices for public sector fleets to follow when replacing government vehicles. Below are 11 practices to follow to ensure you have the best plan in the industry:

Best practice #1: Put it in writing

A fleet management policy that exists only in someone's head — or worse, spread across disconnected spreadsheets and institutional memory — is a liability. When staff turns over, when budgets come under scrutiny, or when a governing body asks why a particular replacement decision was made, you need documentation that can speak for itself.

Putting your policy in writing, having it formally signed by stakeholders, and seeking adoption by your governing authority — whether that is a city council, a board, or an agency leadership team — transforms your replacement strategy from a personal practice into an institutional one. It creates continuity that outlasts any individual fleet manager, keeps all parties accountable to the same standard, and provides a defensible record if any decision is ever questioned.

The value of that institutional continuity is illustrated clearly in the career of Kelly Reagan, whose story was documented by Cindy Brauer in **Government Fleet**. When Reagan became city administrator for Columbus, Ohio, he inherited a fleet in crisis: 80% of vehicles were out of lifecycle, ladder trucks were 23 years old, and police were driving vehicles with rusted-out floors. Reagan's first move was to build a written vehicle replacement standard for the city. From that foundation, he developed a data-driven fleet management approach that brought order to what had been years of deferred decisions.

The deeper lesson in Reagan's story is not just what he built — it is the legacy he will leave behind. A written standard does not retire when its author does. The administrators who will follow Reagan in Columbus will inherit a living document: a clear, codified framework they can follow, update, and build upon. That is the compounding benefit of putting your policy in writing. Done well, it does not just solve today's problem. It sets up every fleet manager who comes after you to succeed.



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Best practice #2: Let data guide every decision

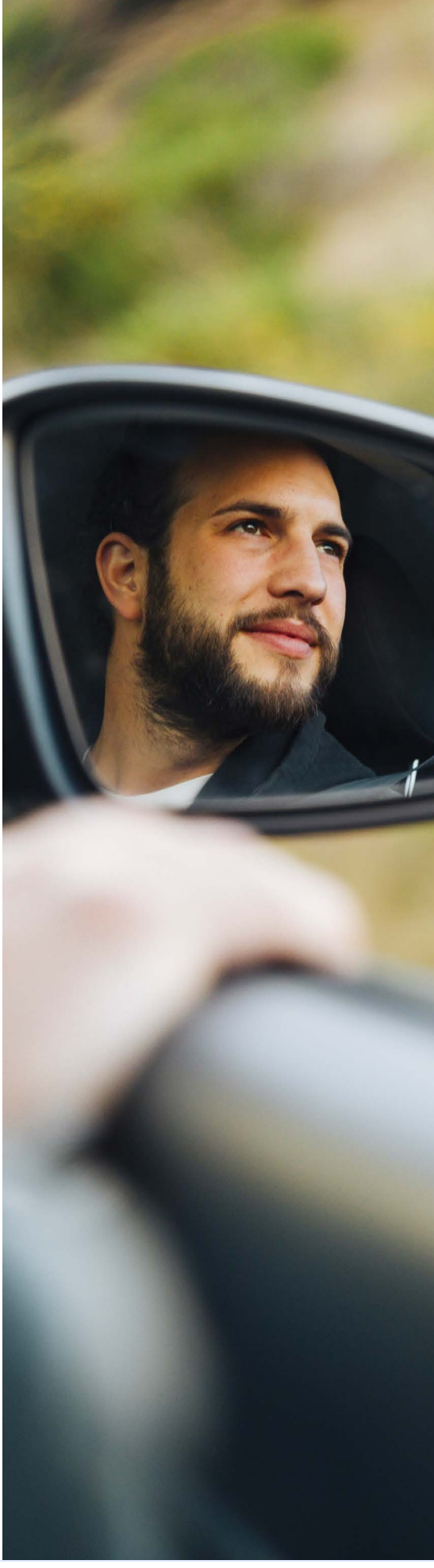
When you're deciding what to eliminate, what to replace, or what to buy in the public sector, you're going to have the highest likelihood of success if you come to the table with hard facts. If you're working with a fleet card provider, and particularly **if you use telematics**, you will have no shortage of meaningful, fact-based data to develop your sense of what your plan needs. You're far less likely to make mistakes (or to waste money) when you rely on data to inform your decisions.

Best practice #3: TCO is the standard evaluation framework

When you're making a decision as a fleet manager about what vehicles to procure for your fleet, the fleet acquisition price is the wrong number to cite. You want to always tout the total cost of ownership when discussing the vehicles you are considering purchasing for your fleet. Two different vehicles with identical sticker prices could have vastly different lifecycle costs. Fuel efficiency, maintenance requirements, parts availability, and residual value all contribute to lifecycle cost, so it's a complicated equation, but one you should always consider when analyzing your fleet.

Best practice #4: Plan your replacements on a multi-year, rolling cycle

A rolling, 3-5 year replacement cycle, updated annually, will give you the best outcome when it comes to fleet vehicle replacement. Government fleets can be reactive and make bulk purchases once a year. This can lead to unnecessary spending, poor vehicle choices, and unpredictability. Instead, allow yourself time to analyze your fleet, run proper procurement processes, and smooth capital costs across budget cycles.This can lead to strategic and wise management of your fleet–your governing body will see all the evidence of this hard work and strategic planning.



Best practice #5: Right-size before replacing

As mentioned above, one of the most common mistakes in vehicle replacement is replacing vehicles that are underutilized. We recommend taking the time to do a proper fleet analysis to find those inefficiencies before drafting your replacement plan.

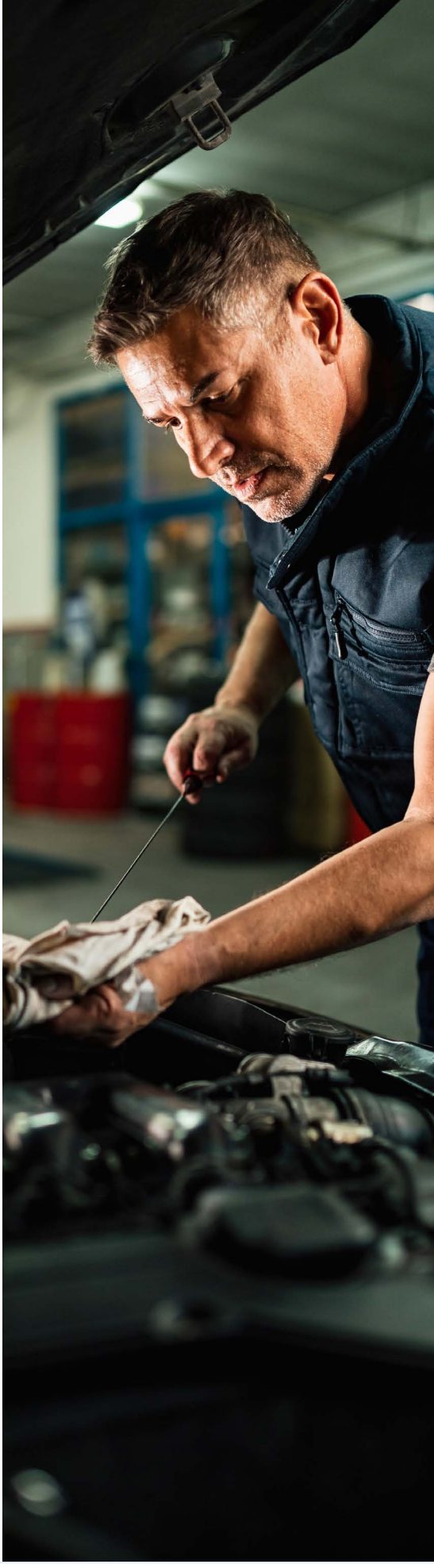
Best practice #6: Whenever possible, standardize your fleet

Reduce the variety of makes, models, and configurations in your fleet. This will help you keep maintenance and administrative costs down. This is because a standardized fleet requires fewer unique parts, a more streamlined, focused mechanic staff, and simplified training.

A fleet management study conducted for the **International Conference on Infrastructure Systems and Services** quoted fleet managers saying "considerable efforts had been made to reduce the diversity of vehicle models in the fleet, eliminating costly small variations that were not necessary in practice: in recent years the range of types and models of vehicles business units could choose from had been reduced and this had led to improved purchasing terms due to bulk purchases." The study emphasizes the need to standardize your vehicles in order to work more efficiently.

Best practice #7: Engage with a cooperative purchasing organization

As we mentioned, **a cooperative purchasing organization like Sourcewell helps you get the best prices** and simplifies administrative and operational tasks significantly. With a cooperative purchasing organization, you can purchase vehicles at a pre-negotiated, competitive rate and not have to submit your own independent bid.



Best practice #8: Make sustainability part of the equation

Pay attention to greenhouse gas reduction targets, clean energy goals, and electrification timelines to ensure compliance. Evaluate EV options and look into what alternative fuels have to offer. Speak with colleagues about how to incorporate sustainability into your vehicle replacement plans.

Best practice #9: Map out EV infrastructure

When you're building your vehicle replacement plan and it possibly will include adopting EVs into your fleet you should consider what infrastructure changes you'll need to make should you bring on electric vehicles. **Determining how many and what type of EV charging stations and other operational changes that come with building a mixed energy fleet will help you ensure a smooth transition as you make these changes**. Partnering with a company like Sawatch will help you make those determinations.

Best practice #10: Engage stakeholders early and often

The decisions you're making about your fleet impact your drivers, elected officials, financial officers, department heads, and procurement teams. Communicate with them about your plans as you develop them. Listen to their concerns, and take their ideas into account. They can be a resource rather than a barrier to implementing efficient strategies. Not to mention the fact that early and ongoing stakeholder involvement will guarantee that your plans are vetted and approved in a much more timely manner than had you moved forward with your plans in isolation.

Best practice #11: Don't put off maintenance

When vehicles are in line for replacement the temptation is to ignore them and stop taking care of them. Don't do this. Make sure these older vehicles continue to be cared for until the date that they are replaced. If you defer maintenance on these older commercial vehicles, you are setting yourself up for breakdowns and a subsequent vehicle shortage.



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Executive Summary

For government fleet managers, determining which vehicles need replacement is one of the most consequential decisions made annually. Get it right and you control costs, protect public safety, and demonstrate responsible stewardship of taxpayer dollars. Get it wrong and you are left managing an aging, unreliable fleet that drains maintenance budgets and disrupts essential public services.

This report provides a comprehensive, step-by-step framework for government fleet managers, procurement officers, and finance directors who want to move from reactive vehicle replacement to a proactive, data-driven strategy. The central message is straightforward: government fleets that manage proactively — grounded in data, guided by policy, and planned across multiple years — consistently achieve better outcomes at lower long-term cost than those that replace vehicles reactively. In an environment of constrained budgets, rising sustainability expectations, and growing public accountability, a disciplined fleet replacement strategy is not a luxury. It is a governance imperative.

Determining which vehicles need replacement is one of the most consequential decisions made annually.



Why WEX

Managing a government fleet means operating at the intersection of public accountability, tight budgets, and operational complexity. You need data you can trust, tools that work together, and a partner who understands your world.

WEX is the global commerce platform that simplifies the business of running a business — and for public sector fleet managers, that means bringing your fuel spend, fleet card management, and vehicle data into one integrated platform so you spend less time chasing numbers and more time making decisions.

The audit and replacement framework in this report depends on one thing above all else: good data. WEX fleet solutions give you access to rich transactional data and spending insights at the vehicle level, so the utilization assessments, maintenance cost reviews, and total cost of ownership calculations outlined here are grounded in real numbers — not estimates. That data is available when you need it, presented in a way your finance directors and procurement teams can act on.

As EV adoption grows and mixed-energy fleets become more common, WEX also provides a single platform to track both traditional fuel spend and EV charging costs. That kind of unified visibility is essential for the multi-year replacement planning this report recommends — and for making a credible case to leadership when budget season arrives.

Hear from government fleets and public sector partners about why they've chosen to work with WEX:

State of North Carolina

City of Stonecrest, Georgia

Sourcewell

WEX works with government fleets of all sizes. To learn more about how WEX can support your fleet replacement strategy, visit wexinc.com.

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WEX is a leading, global fintech solutions provider, simplifying payments and back-end business processes in the fleet management, benefits management, and corporate payments areas. To learn more, please **visit the company's About WEX page.**

Sources:

- Sage Journals
- Government Fleet
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- Engineering Management Journal
- Physical Distribution and Logistics Management Journal
- International Conference on Infrastructure Systems and Services
- Government Fleet
- Baztech
- The Well News

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