



WHATCOM COUNTY

WASHINGTON

Fleet, Equity, & Rates

Whatcom County Public Works
Equipment Rental & Revolving Fund (ER&R)

March 10, 2026

Key Terms

- **ER&R**
 - Equipment Rental and Revolving Fund
- **CRAB**
 - County Road Administration Board
- **Unit**
 - Generic term for a vehicle, trailer, or piece of equipment
- **OEC**
 - Original Equipment Cost
- **Make-Ready**
 - The process of getting a unit ready for use by the end user



What is ER&R?

- **Equipment Rental and Revolving Fund**
- **Governed by CRAB, RCW 36.33A, and WAC Chapter 136-600**
- **Mandated for all Road Fund equipment, materials, and supplies**
 - e.g., vehicles, equipment, road salt, chip seal rock, chip seal oil, etc.
- **Utilized by almost every division within the County**

What ER&R is NOT:

- A bank
- A for-profit entity
- An insurance company



Key ER&R Duties

- Purchase vehicles and equipment
- Upfit units for operational needs
- Perform maintenance and repairs on the fleet
- Set ER&R rates for costs and replacement
- Manage contracts supporting fleet and M&O
- Operate Stores as a centralized supply depot
- Surplus vehicles and equipment



ER&R Rates

- **Rates cover the following items:**
 - Replacement plus inflation, preventative maintenance, replacement of wear items, and estimated repairs based on comparable class history
 - Repairs for damage or misuse are **NOT** covered by the ER&R Rate
- **Evaluated with the biennial budget and adjusted when necessary**
- **Calculation:**

<u>Maint/YEAR</u>	<u>OEC</u>	<u>CPI</u>	<u>Rep Crit</u>	<u>Rep Cost</u>	<u>RATE</u>	<u>LTR</u>	<u>LTMaint</u>
\$ 2,863.00	\$ 62,075.00	3%	8	\$ 76,344.42	\$1,033.84	\$ 99,248.42	\$ 22,904.00



Replacement Criteria

- **Set by years in service or meter usage (miles/hours)**
 - **Examples:**
 - Passenger Vehicles and Trucks: 8 years or 100k miles
 - Dump trucks: 10 years or 250,000 miles
 - Large equipment and trailers: 15 years
 - **Set using our replacement modeling (more info on next slide)**
 - Based on long term trends and industry data
- **This is the timeline where it becomes eligible for replacement**
 - Depending on the budget cycle, it can take **up to two years** to get a unit approved, ordered, received, and placed into service
 - This is a guideline, not a hard rule. We can (and have) pushed replacement out.



Replacement Models

Use Until Failure

- Use the vehicle or equipment until it breaks beyond repair or the repair cost outweighs the replacement cost
- Requires the ability to either purchase a new unit quickly or to go without the unit for an extended period of time
- Unpredictable and unstable, very risky

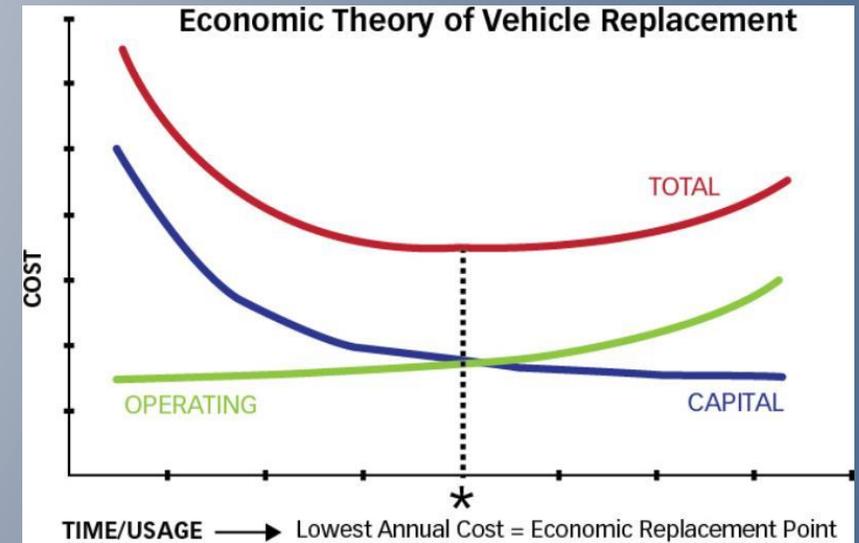
Economic Lifecycle Analysis

- Find the optimal point for replacement based on operating/maintenance costs, return on investment, and cost of breakdowns
- Allows for more control and better stability



Our Replacement Model

- **Our replacement model is based on the Economic Lifecycle Analysis**
 - Replace units **before repair costs escalate or reliability declines**
 - Minimizes downtime and loss of service
 - Works well with our regulated purchasing process
 - Predictable costs for budgeting
 - Adaptable over time
 - Acts as a type of insurance policy for a fleet



Equity

- **The amount left over from the ER&R rate after total expenses**
 - **Individual Units**
 - Essentially have their own equity “account”
 - By the end of the life cycle, the unit should have enough equity to fund replacement and make ready
 - **Divisions/Departments**
 - Equity belongs to the division/department that paid the ER&R rate
 - Can be moved between vehicles as needed/available
 - Overfunded to underfunded
 - Surplus without replacement
- **Important note about equity:** The laws state that no participant in the fund can benefit at the cost of another



Special Projects

- **Fleet Electrification Study (Completed 2025)**
- **Central Shop Stormwater Project**
 - Phase 1: Completed 2025
 - Phase 2: Completed 2026
- **AssetWorks (completed Dec. 2025)**
- **Underground Storage Tank Removal & Remediation (2026)**



New & Upcoming

- **New**

- AssetWorks
- Stores leadership
- Ability to utilize GSA Advantage for purchasing Capital Assets

- **Upcoming**

- Motorpool
- ER&R Surplus
- Long-term Drydock Contract
- Fleet Utilization Study
- Crash Fund



AssetWorks Positive Outcomes... So Far

- **Easier access to information**
- **Actual tracking of billable time**
 - Helps determine appropriate shop rates
- **Simplified month-end processes**
- **Upgraded maintenance forecasting**
- **Customizable reporting**



Motorpool & Fleet Utilization

- **Demand for a motorpool**
 - Requests for vehicles come in regularly
- **Fleet Utilization Study**
 - Looking for underutilized units that can be put in to motorpool
 - Underutilized fleet: Units that are 15-20 years old with less than 50k miles
- **Shared cost**
 - Costs can be spread out among a broader group of users



ER&R Surplus

- **ER&R accounts for the vast majority of capital asset surplus in the County**
- **Units can sit for a year or more while waiting to be surplus**
 - Decreased value through depreciation, weathering, and pest infestation
 - Increased costs through degradation of batteries, seals, fluids, pest infestation, etc.
- **Dynamic surplus is a key factor in the Economic Lifecycle Analysis fleet model**
 - Ideally, we would be sending things out for surplus quarterly or as needed
- **Exploring ways to make the surplus process more efficient**
 - For example: Returning to Council twice to surplus an asset that has already been approved for replacement?
 - Surplus should be worked in as part of the approval to replace



Damage Chargebacks & Crash Fund

- **Damage Chargeback: Charges not covered by ER&R as a result of damage**
 - We started tracking damage chargebacks in mid-2023
 - 2023 (partial): \$81,834.69
 - 2024: \$158,970.54
 - 2025: \$140,182.23
- **Crash Fund: To plan for the estimated damage chargeback costs**
 - Added as an additional fee per division to cover the estimated cost for damages
 - Cost by division averaged per year, adjusted annually to account for shortfalls or overages



Questions?

