

PW183001Z

**1. Purpose**

1.1. The intent of this policy is to establish guidelines for the administration of vehicles and equipment managed under the “Equipment Rental and Revolving Fund” for Whatcom County pursuant to RCW Chapter 36.33A and WAC chapter 136-600. Within this policy will be guidelines for setting rental rates for vehicles and equipment that will ensure proper equity is being collected for the maintenance, operation, management and eventual replacement of the unit. This policy will also clarify replacement criteria for vehicles and equipment to ensure that they are being used effectively and efficiently while maximizing capital return upon surplus of each unit in order to utilize the “Equipment Rental and Revolving Fund” to the highest potential. This replacement criteria will be utilized in establishing the previously mentioned rental rates.

**2. Vehicle and Equipment Retention, Replacement, and Disposal**

2.1. Appendix A “Capital Equipment Replacement Criteria”

2.2. Option for early replacement of vehicles or equipment

2.2.1. As a unit approaches the end of its designated life cycle, final disposition becomes a managerial decision based on a combination of factors. Each unit must be considered individually in terms of reliability, maintenance, safety and salvage value. Adequate record keeping and analysis of vehicle costs are critical to timely and effective disposition. The Assistant Superintendent – Equipment Services will review all pertinent information and work with department managers in making final vehicle disposition decisions. When analysis demonstrates that it is no longer cost effective to retain a vehicle in the fleet, it should be disposed of regardless of mileage or age.

2.2.2. Any unit that is deemed to be totaled or damaged beyond reasonable repair will qualify for early replacement. Consideration will need to be paid to the equity available in the

piece of equipment and where funds may come from to cover any disparities between that amount and the replacement cost. This budgetary process for securing the difference will be the sole responsibility of the department that was renting the equipment when the damage occurred.

2.2.2.1. If the department finds that they no longer need the equipment or do not have the budget to replace it, they will have the option to remove the piece of equipment from ER&R. The equity and proceeds from disposal of the vehicle or equipment will be returned to the department less the cost of decommissioning and disposal.

### 2.3. Disposal of Vehicles and Equipment

2.3.1. Once a final decision is made to remove a vehicle or piece of equipment from the fleet, the method of disposal must be identified, the timing of disposition determined, and decommissioning procedures completed. The Assistant Superintendent – Equipment Services will work with the Finance Department to declare vehicles surplus. The determination will then be made for the best method and location of sale which meets legal guidelines and provides the best potential return to the County. Most county vehicles and equipment realize the greatest return when sold at auction.

#### 2.3.2. Internal Transfer

2.3.2.1. Even though a unit is no longer needed by one Division, it may benefit the County to re-assign it to another Division until it reaches the end of its useful life.

2.3.2.2. Vehicles and equipment may be deemed to be no longer needed by a department if they are being underutilized. In this case the vehicle and equipment would be eligible for transfer or reassignment to another division at net book value. This does

not apply to certain units that are considered necessary for use during a county emergency (ie. Flood, winter storm, natural disaster, etc.)

2.3.3. Public Surplus Auction

2.3.3.1. Auction services are chosen by utilizing the County bidding process and awarding the contract to the auction house or online government liquidation sites providing the best value.

2.3.4. Scrap

2.3.4.1. Scrapping of equipment and vehicles will be reserved for those units that are deemed to have no residual value and would presumably bring a negative net return at auction.

**3. Equipment Purchasing Best Practices**

3.1. Vehicles and equipment will be standardized among preferred brands whenever reasonable to do so.

3.1.1. This allows for streamlined processes in: tech training, tooling, parts inventory, troubleshooting, vendor rebates, and operator familiarity

3.2. The Assistant Superintendent – Equipment Services will meet with relevant levels of stakeholders when assessing needs and specifications for vehicles and equipment to be purchased. (ie. Mechanic, equipment operator, department representatives, Assistant Superintendent of Equipment Services)

3.3. The Assistant Superintendent – Equipment Services will follow all Whatcom County procedures and regulations in regards to the acquisitions of Capital Assets

**4. Equipment Rental and Hourly Shop Rate Guideline**

4.1. Appendix B “ER&R Rental Rate Procedures and Example”

4.2. The basis for the establishment of equipment rental rates is found in RCW 36.33A.040, which states, “Rates for the rental of equipment owned by the fund shall be set to cover all costs of maintenance and repair, material and supplies consumed in operating or maintaining the equipment, and the future replacement thereof. The rates shall be determined by the County Engineer or other appointee of the County Legislative Body and shall be subject to annual review by the Legislative Body”.

4.2.1. The Assistant Superintendent – Equipment Services will develop and recommend rates for all vehicles and equipment annually.

4.2.2. The County Engineer will approve all rental rates as directed by RCW 36.33A.040.

4.2.3. It will be the responsibility of the Assistant Superintendent – Equipment Services to present all applicable rental rates to the County Engineer, the County Council, and all departments who participate in the ER&R fund.

#### 4.3. Determination of Rental Rates

4.3.1. Appendix B “ER&R Rental Rate Procedures and Example”

4.3.2. Rates shall reflect 100% of annual expenses, including replacement cost, inflation, labor and parts for service, indirect costs, and overhead. Rental rates for all vehicles are calculated per vehicle. Finances for vehicles and equipment will be tracked individually for operation, maintenance, and replacement. Vehicles and equipment will be grouped for rates with like units when possible. Departments will be billed on a monthly basis.

4.3.3. Rental rates do not include charges for damage repairs.

#### 4.4. Determination of Hourly Shop Wage

4.4.1. The hourly shop rate will be evaluated annually and adjusted as needed. The rate will be set in such a manner as to cover all direct and indirect costs of operation.

**5. Stores**

- 5.1. Frequently used parts and supplies will be kept on hand as inventory items. Additional items will be kept on hand and inventoried in case of emergencies to reduce down-time. Such additional inventory items should be limited to critical components that may be difficult to source or may have long lead times.
- 5.2. Inventory purchases are paid for by the ER&R fund; related costs shall be kept to a minimum. When an inventoried part is billed to a work order it is then paid for by the rental rate collected or an interfund transfer. The revenue then returns to the ER&R fund.
- 5.3. Stores will be responsible for managing all bids and contracts for equipment, materials, supplies, and services for the county road fund in accordance with RCW 36.33A
- 5.4. Stores pricing is established by the Assistant Superintendent – Equipment Services based on cost plus a markup to recover administration, maintenance, and overhead costs of Stores. The markup scheme will be reviewed annually.

**6. Fleet Services**

- 6.1. The goal of the Central Shop is to provide a professional and courteous service to County Departments/Offices. The Central Shop strives to reduce repair costs, reduce down-time, and ensure the availability of vehicles and equipment.
- 6.2. Services and Inspections
  - 6.2.1. The ER&R preventive maintenance and repair program will follow Federal Motor Carrier Regulations.
  - 6.2.2. All vehicles and equipment managed by ER&R must be serviced and maintained by the ER&R shop unless prior authorization to utilize an outside entity has been granted. Outside entities must perform service work in accordance with County standards. The Assistant

Superintendent - Equipment Services will consult with the Division on specialized work and outsourcing of repairs, in addition to determining the need for emergency road services.

6.2.3. Maintenance and repair costs will include parts, tires, fluids, consumables, and labor.

6.2.4. Vehicles and equipment will receive a full safety inspection once a year. The interval between these inspections will not exceed 12 months.

### 6.3. ER&R Service Intervals

6.3.1. The Assistant Superintendent - Equipment Services will determine appropriate service intervals. The goal is to service vehicles and equipment as suggested by the factory manual or sooner. All vehicles or equipment subject to Federal Motor Carrier Safety Administration (FMCSA) regulations will be inspected in accordance with FMCSA guidelines.

### 6.4. Maintenance and Repair

6.4.1. Regularly scheduled services and preventative maintenance are critical components of cost-effective fleet operations and help to preserve vehicle value over time. Achieving these benefits requires effort and communication by leadership, operators, and fleet management personnel. The Shop Crew Lead and Shop Service Writer will ensure each vehicle in the fleet is scheduled for regular service at appropriate intervals, E-mail reminders will be sent to key Division personnel to make it as easy as possible to adhere to service schedules and procedures. All maintenance and repairs to fleet vehicles will be made under the direction of the Assistant Superintendent - Equipment Services.

### 6.5. Scheduled Maintenance Procedure:

6.5.1. As a best practice it is recommended that each Division designate an individual responsible for all vehicles within that division to ensure vehicles are delivered to the shop prior to scheduled service appointments.

6.5.2. Operators are required to drop off vehicles at the County Shop prior to the scheduled time and fill out service slips, noting mileage and any vehicle defects to be addressed during the service.

6.5.3. When servicing is complete, shop personnel will call and notify the Department's/Office's designee that the vehicle is ready for pick-up.

6.6. Repair Procedure:

6.6.1. Vehicles requiring repairs should be delivered to the County shop with a repair request form filled out in detail, accurately describing the condition of the vehicle.

6.6.2. If a vehicle is stranded notify the Shop Service Writer, Shop Crew Leader, or Assistant Superintendent - Equipment Services to arrange for mobile repair or towing by shop personnel.

6.6.3. Shop personnel will diagnose problems, request parts from stores, coordinate and complete repairs, and notify Departments/Offices when the vehicle is ready for pick up.

6.6.4. All warranty work and recalls will be facilitated by the Shop Service Writer, Shop Crew Leader, or Assistant Superintendent - Equipment Services.

6.6.5. Departments/Offices must communicate with the Assistant Superintendent - Equipment Services, Shop Crew Leader, or Shop Service Writer regarding repair schedules, available replacement vehicles, and any other details regarding vehicle repair.

6.7. Department/Division Responsibilities

6.7.1. Each Division should designate both a primary and secondary contact who shall be responsible for coordinating maintenance and repair efforts. This designee will also be involved in rental rate discussions and new/replacement vehicle purchases. They will serve as the main liaison between their Division and Public Works Fleet personnel.

6.7.2. Each Division is responsible for managing vehicle usage and for scheduling services and repairs. In an effort to reduce maintenance costs and to increase turn-around times on vehicle repairs, the user will deliver and pick up vehicles or equipment from the Central Shop.

6.7.3. Each Division is responsible for keeping the interior and exterior of the vehicles clean. Any wash or vacuum costs will be paid by the Division.

6.7.4. Each Division is responsible for any traffic infractions, parking tickets, or toll fees incurred by its employees while using ER&R vehicles or equipment.

6.7.5. Each Division is responsible for ensuring that equipment and vehicles that are operated under the ER&R fund are kept in good condition. Any damage should be reported immediately and scheduled for repair. This includes but is not limited to any major body and cosmetic damage.

6.7.6. Each Division will be responsible for paying the costs to replace or repair the vehicle or piece of equipment if damaged vehicles or equipment require repairs or if damage results in the need to take a vehicle or piece of equipment out of service prior to its depreciated life.

6.7.7. Each Division will be responsible for paying any and all costs related to equipment upgrades, additional equipment, and retro-fits to vehicles.

#### 6.8. Maintenance Shop Information

6.8.1. **Address:** 901 West Smith Road, Bellingham, WA 98226

**Assistant Superintendent - Equipment Services:** Brett Piepel

**Phone:** 360-778-6400

Appendix A “Capital Equipment Replacement Criteria”

### Capital Equipment Replacement Criteria

Whatcom County Public Works- Equipment Services Division - January 2024

Class	Vehicle/Equipment Type	Replacement Criteria		
		Years	Miles	Hours
1-5, 10, 84	Passenger Cars	8	or	100,000
12-25	Pickups & 4x4	8	or	100,000
6-9	Vans & Carylalls	8	or	100,000
26	Work Trucks (up to 2,300 lbs. GVW)	8	or	100,000
38	Dump Trucks (10-12 yard)	10	or	250,000
29	Single-Axle Dump Truck (5 yard)	10	or	175,000
32	Vacuum Truck	10	or	80,000
11	UTV	10	or	5,000
39	General Purpose & Water Truck	10	or	80,000
31, 32	Street Sweepers & Brooms	5	or	3,000
58	Brush Chipper	6	or	7,000
64, 68	Air Compressors & Welders	8	or	5,000
54, 49	Chip Spreader & Oil Distributor	12		
45, 60, 61	Trailers	15		
46	Motor Graders	15		
50, 51, 40	Loaders	15		
75	Forklift	15		
42, 48	Backhoe & Excavator	15		
35	Rollers	15		
55	Sanders, Sand/Salt	10		
65, 66	Generators, 5-15 KW	10		
56, 57	Snowplows	10		
30	Hot Box Patch Truck	10		
33	Tractors	8	or	6,000
34	Herbicide Truck	15		
36	Mower - Rotary	6		
37	Mower - Brush	6		
41	Small Dozer	15		
43	Aerial Truck	15		
44	Lowboy Truck	10	or	250,000
47	Ditching Machine	10	or	5,000
52	Crane Truck	15		
53	Paint Striper Truck	15		
59	Boat	15		
62	Crack Sealer	15		
63	Steam Cleaner	15		
67	Drills & Augers	15		

Appendix A “Capital Equipment Replacement Criteria” Continued

### Capital Equipment Replacement Criteria

Whatcom County Public Works- Equipment Services Division - January 2024

Class	Vehicle/Equipment Type	Replacement Criteria		
		Years	Miles	Hours
69	Pumps	10		
70	Compactors	15		
71	Sprayers	10		
72	Misc. Road Equipment	varies		
73	Ferry	50		
74	Parks Tractor	8	or	6,000
76	Bus - Prisoner Vans	varies		
77	Motorcycles	5	or	30,000
78	Command Van	varies		
80	Parks Push Mower	2		
81	Parks Paddle Boats	varies on condition		
82	Parks Canoes & Kayaks	varies on condition		
83	Parks Others	varies		
85	Radios - Sheriff	varies		
86	Misc. Computers	varies		
87	ER&R Shop Tools	varies		
	Sheriff Patrol Vehicles			
	Parks Mower			

Notes:

This criteria is meant to act as a guideline for replacement. The final decision to pursue replacement of a vehicle or piece of equipment will be made by the Assistant Superintendent – Equipment Services utilizing an analysis and logic-based protocol. This protocol includes but is not limited to; utilization, cost of replacement, cost of repair, equity, condition of the vehicle/equipment, availability of parts, and many other relevant factors.

## Appendix B “ER&R Rental Rate Procedures and Example”

Important Terms:

### 1. Definitions/terms

- a. **Life Expectancy**: The life expectancy of a vehicle is determined by the replacement criteria in Appendix A. Where expectancy can depend on either years, miles, or hours, the determination on which to use will be based on historical data for comparable equipment and expected usage amounts.
- b. **AGI**: The expected 5-years rolling average inflation.
- c. **O&M Cost**: The dollar value of the cost of operating the vehicle over its life cycle. This includes costs for preventative maintenance and any replacement of wearable parts. Overhead is worked in to this indirectly through labor rates and stores markup.
  - i. Examples: oil changes, new tires (replaced for general wear, not damage), windshield wipers, wear blades, etc.
- d. **Replacement Cost**: The expected cost to replace the unit at the end of its life cycle including cost for make ready and upfit. This also accounts for inflation over the life of the unit.
- e. **OEC**: Original equipment cost. The price of that a piece cost you to buy plus any capitalized makeready and upfit.
- f. **LTD**: Life to date
- g. **Unit**: A single vehicle or piece of equipment with an assigned asset number
- h. **Salvage Value**: The salvage value will be set at 5% of the OEC

### 2. Calculations

- a. Rental Rate
  - i.  $(\text{Replacement Cost} + \text{O\&M}) / (\text{Life Expectancy}) = \text{Monthly, hourly, or per mile rate}$
- b. Replacement Cost
  - i.  $\text{OEC} * (1 + \text{AGI})^{(\text{Life Expectancy in years} - 1)} = \text{Expected cost to replace at the end of the life cycle}$
- c. O&M Cost
  - i.  $(\text{LTD O\&M Cost of comparable vehicle}) / (\text{Life Expectancy})$
  - ii. Use the average cost for a comparable class or do as many individual comparable vehicles and average the final results