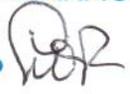




<b>TITLE:</b> Fleet Replacement Policy		<b>POLICY:</b> FLTOPS -1
<b>EFFECTIVE DATE:</b>	<b>SUPERSEDES:</b> N/A	<b>PAGES:</b> 3
<b>MAYOR:</b>  Nicola Smith	<b>DEPARTMENT DIRECTOR:</b> Bill Franz 	<b>OPERATIONS MANAGER:</b> Les Rubstello 

**APPLICABLE TO:** All City Departments, employees and elected officials

**APPLICABLE STATUTES:**

*RCW 35.21.088 Any city or town may create, by ordinance, an "equipment rental fund," hereinafter referred to as "the fund," in any department of the city or town to be used as a revolving fund to be expended for salaries, wages, and operations required for the repair, replacement, purchase, and operation of equipment, and for the purchase of equipment, materials, and supplies to be used in the administration and operation of the fund. Money may be placed in the fund from time to time by the legislative authority of the city or town. Cities and towns may purchase and sell equipment, materials and supplies by use of such fund, subject to any laws governing the purchase and sale of property. Such equipment, materials and supplies may be rented for the use of various offices and departments of any city or town or may be rented by any such city or town to governmental agencies. The proceeds received by any city or town from the sale or rental of such property shall be placed in the fund, and the purchase price of any such property or rental payments made by a city or town shall be made from moneys available in the fund.*

**POLICY STATEMENT:**

The policy of the City of Lynnwood to provide safe, reliable, cost-effective vehicles and equipment to support the City's ongoing business needs and maintain responsible stewardship of the City's investment.

**PURPOSE:**

The purpose of the Fleet Replacement Policy is to establish guidelines, assign roles, and provide a basis for the replacement of the City's Fleet vehicles and the addition of new vehicles.

**SERVICE LIFE:**

Each vehicle or piece of equipment has a service life. The Public Works Department will determine the service life based on the purpose of the vehicle or equipment, the manufacturer's recommendation, and technological relevance.

**RATES:**

Shop Rate: Each biennium the Department of Public Works will establish a Shop Rate. The Shop Rate will consist of the mechanics salary plus shop overhead costs divided by the expected number of billable hours in the biennium. All repair and set-up work will be billed to user departments based on this Shop Rate.

User departments will receive four separate monthly (or quarterly) charges for each vehicle or piece of equipment:

1. Replacement charges: Based on the original purchase price, the number of years of service life, and an approved interest rate to cover inflation, a monthly charge will be billed and saved in Fund 510 to replace the vehicle/equipment at the end of its life.
2. All costs for labor (based on the Shop Rate) and parts for any preventative maintenance or repair work will be billed the month after the work is accomplished. Any user department may defer major repairs if their current biennial budget has insufficient funds to cover the cost. If the vehicle is deemed as "unsafe" then it shall be placed out of service until sufficient funds are available to make such repairs.
3. All costs for fuel used will be billed the month after the fuel is purchased.
4. All costs for insurance will be billed annually.

**ADDITIONS:**

A department may make a request for a vehicle or equipment to be added to the fleet in one of two ways:

1. The requesting department may obtain council approval during the biennial budget process. The purchase price will be a one-time new expenditure and the ongoing replacement, repair, fuel, and insurance cost will be charged monthly.
2. During the biennium the requesting department may request the Mayor's approval, through the Public Works Director, to purchase a new vehicle with current budget expenditure authority. The requesting department must be able to show that their current biennial budget authority includes enough funds for both the purchase, and the ongoing replacement, repair, fuel, and insurance cost that will be charged monthly.

**REPLACEMENT SCHEDULE:**

The Public Works Department will consult with each department to determine which vehicles will be replaced each budget period. Replacement dates shall be based on the original Service Life of the vehicle/equipment, but may be modified due to equipment condition, need, and budget realities.

Replacement funds collected over the service life will be used for the purchase of the replacement.

**EARLY REPLACEMENT:**

If it is determined, through the replacement criteria, insurance loss or a vehicle/equipment failure that a vehicle must be replaced before the replacement fund has accrued sufficient funds; the Public Works Department will consult with the department using the vehicle or equipment. The user department will pay the difference between the replacement cost of the vehicle or equipment and the replacement funds accrued to date.

**UPGRADES OR CHANGES:**

If it is determined, through the replacement criteria, that a vehicle must be replaced, the department using the vehicle/equipment may request an upgrade or change to the vehicle or equipment to support ongoing business needs. If the replacement vehicle or equipment cost, including the upgrade or change, exceeds the replacement funds accrued to date, the user department will pay the difference between the replacement cost of the vehicle or equipment and the replacement funds accrued to date.

**RETENTION OF REPLACED VEHICLE OR EQUIPMENT:**

If it is determined, through the replacement criteria, that a vehicle or equipment must be replaced, any department may request to keep the replaced vehicle, with first choice going to the original user department. Once the Public Works Department determines that the vehicle is safe to use for an extended period of time, the requesting department will obtain Mayor approval, through the Public Works Director, to increase the fleet size. The requesting department must show that their current biennial

budget authority includes enough funds to pay for both the rental cost of the vehicle/equipment, plus the ongoing repair, fuel, and insurance cost that will be charged monthly. The rental cost will be determined as follows:

- Sedans and pickups will be charged a flat \$100 per month to cover the reduction in surplus value.
- Vehicles larger than a pickup will have a monthly charge based on the estimated reduction in surplus value spread over the timeframe that the retired vehicle is retained.

The Public Works Department may determine, in its sole discretion, that a vehicle or equipment is no longer safe or it is not in the best interest of the City to retain that vehicle or equipment. The vehicle or equipment will then be surplus in accordance with the City's Surplus Policy.

If it is determined that a retention vehicle is a permanent addition to the fleet, the Public Works Department will establish a replacement rate.

#### **VEHICLES EXEMPT FROM REPLACEMENT CHARGES:**

Vehicles donated or obtained with grant funds or other funding sources that require that the purchase must be made by, and ownership of the vehicle remain with, the department awarded the funds will be exempt from replacement charges, but will pay for the ongoing repair, fuel, and insurance cost that will be charged monthly. If it is determined that the vehicle will be a permanent addition to the fleet, then the Public Works Department will establish a replacement rate.

#### **SURPLUS:**

Once a vehicle or piece of equipment has been replaced, it will be processed for disposal. The Public Works Department will remove all identifying decals, reusable equipment, and public safety lights and equipment. All salvaged equipment is the property of the original user department and must be removed to department storage. Any salvaged equipment declined by the user department becomes property of Public Works to store or dispose of as it sees fit. The vehicle or piece of equipment will then be surplus in accordance with the City's Surplus Policy.

If a vehicle or piece of equipment was obtained with grant funds or other funding sources where there are specific disposal requirements, the vehicle or equipment will be disposed accordingly.