

Jefferson County
Board of Commissioners
Agenda Request

To: Board of Commissioners
Mark McCauley, County Administrator

From: Tracy Coleman, Central Services Director

Agenda Date: April 1, 2024

Subject: Legislative Adoption of 2024 ER&R Equipment Rates (Roads)

Statement of Issue:

Washington Administrative Code (WAC) 136-600 requires that the county's legislative authority adopt the Equipment Rental and Revolving (ER&R) fund rates for the county road program each year.

By April 1st of each year, the county engineer must submit the following documents to the County Road Administrative Board (CRAB):

- Adopted ER&R rates for county roads equipment and vehicles for the current year;
- The resolution of the legislative authority adopting said rates;
- The ER&R fund management policy

These submittals are part of the requirements for the County to maintain its certificate of good practice which in turn enables the county to receive motor vehicle fuel tax (MVFT) revenue. MVFT provides approximately \$1.5 million to Jefferson County each year for road purposes.

Analysis/Strategic Goals/Pro's & Con's:

Through Resolution 35-01, the Board designated the Central Services Department to be the administrator of the ER&R fund, including the setting of equipment rates. Pursuant to WAC 136-600-050, equipment rental rates shall be reviewed annually by the county engineer, if the rates are set by an appointee other than the county engineer, and the county engineer shall certify to the legislative body that the proposed rates are an appropriate use of county road funds as required by RCW 36.80.030.

As prescribed by WAC 136-600-050, the rates for the rental of equipment owned by the fund incorporate (1) estimated service life in years and service life remaining; (2) replacement cost; (3) salvage value; (4) estimated operating and maintenance costs; (5) direct and indirect cost of

maintaining and operating facilities specific for ER&R equipment; and (6) ER&R program administration.

Fiscal Impact/Cost Benefit Analysis:

The Road Funds expends \$1,461,552 annually on equipment rental rates through ER&R.

Recommendation:

The legislative authority is asked to approve the 2024 equipment and vehicle rental rates for the county roads program by enacting the attached resolution.

Department Contact: Tracy Coleman, Central Services Director

Reviewed By:


Mark McCauley, County Administrator

3/26/24
Date

**JEFFERSON COUNTY
STATE OF WASHINGTON**

**IN THE MATTER OF APPROVING THE
EQUIPMENT RENTAL AND REVOLVING
FUND RENTAL RATES
FOR THE 2024 CALENDAR YEAR**

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RESOLUTION NO. _____

WHEREAS, pursuant to the Section 36.33A.040 of the Revised Code of Washington (RCW), every county shall establish, by resolution, an "equipment rental and revolving fund", hereinafter referred to as "the ER&R Fund", in the county treasury to be used as a revolving fund for the purchase, maintenance, and repair of county road department equipment; for the purchase of equipment, materials, supplies, and services required in the administration and operation of the fund; and for the purchase or manufacture of materials and supplies needed by the county road department; and

WHEREAS, Jefferson County has established an ER&R fund by Resolution 88-77; and

WHEREAS, pursuant to RCW 36.33A.040, 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 and maintaining the equipment, and the future replacement thereof; and

WHEREAS, pursuant to RCW 36.33.040A, 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; and

WHEREAS, the Board of County Commissioners by Resolution 35-01 designated the "Supervisor of Central Services" to be the administrator of the ER&R fund which includes the responsibility for setting equipment rental rates; and

WHEREAS, Chapter 136-600 WAC, Equipment Rental and Revolving (ER&R) Fund, was established to clarify duties, responsibilities, submittal requirements related to the administration of an equipment rental and revolving fund; and

WHEREAS, the Fleet Services Division of the Department of Central Services manages the Equipment Rental and Revolving Fund in accordance with RCW 36.33A as a revolving internal-service fund for road-maintenance vehicles, equipment and supplies as well as the vehicles and equipment of other County departments that participate in the ER&R Fund; and

WHEREAS, the rental rates have been prepared utilizing current information available to the Fleet Services Division of the Department of Central Services; and

WHEREAS, as prescribed by WAC 136-600-050, the rates for the rental of equipment owned by the fund incorporate (1) estimated service life in years and service life remaining; (2) replacement cost; (3) salvage value; (4) estimated operating and maintenance costs; (5) direct and indirect cost of maintaining and operating facilities specific for ER&R equipment; and (6) ER&R program administration; and

WHEREAS, pursuant to WAC 136-600-050, rental rates of equipment shall be reviewed annually by the county engineer, if the rates are set by an appointee other than the county engineer, and the county engineer shall certify to the legislative body that the proposed rates are an appropriate use of county road funds as required by RCW 36.80.030; and

WHEREAS, pursuant to WAC 136-600-050, rental rates shall be reviewed and adopted annually by the county's legislative authority; and

WHEREAS, pursuant to Title 136 of the Washington Administrative Code (WAC), the Washington State County Road Administration Board (CRAB) requires that all counties make certain reports each year to ensure they are in compliance with the Standards of Good Practice; and

WHEREAS, WAC 136-600-070 requires the County Engineer to submit to CRAB by April 1st of each year: (1) the adopted county road rental rates effective January 1st of that year; (2) the resolution of the legislative authority adopting said rates; (3) the ER&R management policy;

NOW, THEREFORE, BE IT RESOLVED the Jefferson County Board of Commissioners hereby adopts the Equipment Rental and Revolving Fund rental rates for the 2024 calendar year (January 1, 2024, through December 31, 2024), which is attached hereto and incorporated herein by reference, effective January 1, 2024; and

BE IT FURTHER RESOLVED that the Fleet Services Division of the Department of Central Services abides by the internally-adopted "Equipment Rental & Revolving (ER&R) Fund Management Policy" also attached hereto.

APPROVED this ____ day of _____, 2024.

**JEFFERSON COUNTY
BOARD OF COMMISSIONERS**

SEAL:

Kate Dean, Member

Heidi Eisenhour, Member

ATTEST:

Greg Brotherton, Member

Carolyn Gallaway, CMC
Clerk of the Board

Monte Reinders

Digitally signed by Monte Reinders
DN: C=US,
E=mreinders@co.jefferson.wa.us,
O=Jefferson County Public Works,
CN=Monte Reinders
Date: 2024.03.26 14:35:20-07'00'

Monte Reinders, P.E., Public Works Director/County Engineer

Fleet Rental Summary (Monthly Rates)
Assets owned by the ER&R fund and rented to selected department(s) monthly

Dept/Division	Unit #	Year Make Model	Category	Rate	Rate Period	Status	Parking Location
180000010 - County Roads	000047	1980 Miller 650S	Equip-PW-CurbMachine	145	Month	Active	Hadlock Shop
	000092	1953 Beall Tank	Trailer-Semi-Tank	100	Month	Active	Hadlock Shop
	000211	1987 International 1954	C8-StraightTruck-Tanker	200	Month	Active	Hoh Shop (Water truck)
	000367	B/M 830	Trailer-Flatbed-<6000GVW	46	Month	Active	Hoh Shop
	000482	1991 Frink 3910	Equip-Attach-Snow-Plow-10'	240	Month	Active	Hadlock Shop
	000483	1991 Frink 3910	Equip-Attach-Snow-Plow-10'	240	Month	Active	Quilcene Shop
	000484	1991 Frink 3910	Equip-Attach-Snow-Plow-10'	240	Month	Active	Hadlock Shop (Spare)
	000485	1991 Frink 3911	Equip-Attach-Snow-Plow-11'	240	Month	Active	Hadlock Shop
	000504	1992 Swenson SA	Equip-Attach-Snow-SpreaderTailgate	0		Active	Quilcene Shop (Spare)
	000513	1993 Frink 3911	Equip-Attach-Snow-Plow-11'	240	Month	Active	Hadlock Shop
	000521	1993 Walton AR1010	Trailer-Flatbed->10,001GVW	100	Month	Active	Hadlock Shop
	000525	Motorola Radios	Equip-Stationary-Other	1075	Month	Active	Hadlock Shop
	000547	1994 Stow Cutter 1	Equip-PW-Pavement-PavementSaw	25	Month	Active	Hadlock Shop
	000591	1995 Swenson EV100-15-54	Equip-Attach-Snow-SpreaderInsert	200	Month	Active 2nd life	Hadlock Shop
	000603	1996 Tenco TC132TE	Equip-Attach-Snow-Plow-11'	240	Month	Active	Quilcene Shop
	000606	1996 Swenson EV100	Equip-Attach-Snow-SpreaderInsert	1500	Month	Active	Hadlock Shop
	000623	1997 Onan 40DGBC	Equip-Stationary-Generator-<100KW	360	Month	Active	Hadlock Shop
	000644	1999 Frink 3911	Equip-Attach-Snow-Plow-11'	315	Month	Active	Hadlock Shop
	000663	2000 Northend 2-axle	Trailer-Dump->10,001GVW	150	Month	Active	Hoh Shop
	000664	2000 Northend 2-axle	Trailer-Dump->10,001GVW	150	Month	Active	Hadlock Shop
	000667	2000 Layton PT505	Trailer-Flatbed-<6000GVW	150	Month	Active	Hadlock Shop
	000668	2000 Patch King PK30H	Equip-Attach-Other	200	Month	Active	Hadlock Shop
	000671	2000 Swenson SA	Equip-Attach-Snow-SpreaderTailgate	0	Month	Active	Quilcene Shop (Spare)
	000715	2004 Trail King TK110HDG	Trailer-Semi-Flatbed	275	Month	Active 2nd life	Hadlock Shop
	000722	2004 Frink 3910	Equip-Attach-Snow-Plow-10'	200	Month	Active	Hadlock Shop
	000732	2004 Toyota 7FGU30	Equip-MaterialHndl-Forklift	250	Month	Active	Hadlock Shop
	000773	2007 Olympic 20TDT-2	Trailer-Tiltbed->10,001GVW	372	Month	Active	Hadlock Shop
	000783	1999 PB 220-PT	Equip-VehMtd-TarPot	70	Month	Active	Hadlock Shop
	000825	2013 Monroe MV-120-78-	Equip-Attach-Snow-SpreaderInsert	208	Month	Active	Hadlock Shop
	000861	2014 Liftmoore L-8	Equip-VehMtd-Utility-Other	0		Active	Hadlock Shop

Jefferson County Fleet Services - 3/26/2024 11:36:48 AM

180000010 - County Roads	000875	2015 Flink 10PA38CT	Equip-Attach-Snow-Plow-10'	425	Month	Active	Hadlock Shop
	000876	2015 Flink HG085184540004	Equip-Attach-Snow-SpreaderInsert	381	Month	Active	Hadlock Shop
	000878	2015 Flink 11PA48CT	Equip-Attach-Snow-Plow-11'	402	Month	Active	Hadlock Shop
	000879	2015 Flink HG145782540002	Equip-Attach-Snow-SpreaderInsert	505	Month	Active	Hadlock Shop
	000881	2015 Olympic 30TDT-3SC	Trailer-Tiltbed->10,001GVW	426	Month	Active	Hadlock Shop
	000889	2015 Eagle EFB712TA2	Trailer-Flatbed-6001-10,000GVW	159	Month	Active	Hadlock Shop
	000898	2015 Ace Roto-Mold VT10500-2800	Equip-Stationary-Other	171	Month	Active	Hadlock Shop
	000899	2015 Olympic 30TDT-3SC	Trailer-Tiltbed->10,001GVW	514	Month	Active	Quilcene Shop
	000904	2014 Caterpillar A26B	Equip-Attach-Construction-Auger	51	Month	Active	Hadlock Shop
	000910	2016 Ford F150	C1-Pickup-HalfTon-4WD	875	Month	Active	Castle Hill (0000)
	000913	2017 Ford Explorer Interc	C1-SUV-Compact-Pursuit4WD	855	Month	Active	Hadlock Shop (0067)
	000927	2018 Ford F250	C1-Pickup-3/4Ton-4WD	1177	Month	Active	Take-home vehicle (Bill Robinson)
	000932	2017 Shark HPB353007A	Equip-Stationary-PressureWasher	70	Month	Active	Hadlock Shop
	000937	2017 Coneqtec AP450-HDE 18"	Equip-Attach-Construction-Other	267	Month	Active	Hadlock Shop
	000939	2017 Steel inc. Express Snow Pu	Equip-Attach-Construction-Paver	226	Month	Active	Hadlock Shop
	000942	2018 Buffalo Mega BT	Equip-TrailerMtd-Blower	230	Month	Active	Hadlock Shop
	000953	2018 Flink Spreader HG14578	Equip-Attach-Snow-SpreaderInsert	310	Month	Active	Hadlock Shop
	000953	2018 Flink Spreader HG14578	Equip-Attach-Snow-SpreaderInsert	310	Month	Active	Hadlock Shop
	000954	2018 Flink Spreader HG14578	Equip-Attach-Snow-SpreaderInsert	310	Month	Active	Hadlock Shop
	000960	2020 Olympic 30TDT-3	Trailer-Tiltbed->10,001GVW	550	Month	Active	Hoh Shop
	000963	2018 Flink H6085184540007	Equip-Attach-Snow-SpreaderInsert	278	Month	Active	Hadlock Shop
	000963	2018 Flink H6085184540007	Equip-Attach-Snow-SpreaderInsert	278	Month	Active	Hadlock Shop
	000964	2019 FORD F250	C1-Pickup-3/4Ton-4WD	1123	Month	Active	Take-home vehicle (RYAN LAMMAERS)
	000969	2019 MB-Co TKH-TR	Equip-Attach-Construction-Other	363	Month	Active	Hoh Shop
	000971	2019 FLINK 201	Equip-Attach-Snow-Plow-11'	419	Month	Active	Hadlock Shop
	000972	2019 Auto Flagger AF-54	Equip-TrailerMtd-Safety-Auto Flagge	278	Month	Active	Hadlock Shop (Flaggers)
	000973	2019 Auto Flagger AF-54	Equip-TrailerMtd-Safety-Auto Flagge	375	Month	Active	Hadlock Shop (Flaggers)
	000981	2020 Monroe 15'	Equip-Attach-Snow-SpreaderInsert	675	Month	Active	Hadlock Shop
	000985	2020 Autoflagger AF-54	Equip-TrailerMtd-Safety-Auto Flagge	375	Month	Active	Hoh Shop (Flaggers)
	000986	2020 Autoflagger AF-54	Equip-TrailerMtd-Safety-Auto Flagge	375	Month	Active	Hoh Shop (Flaggers)
	000987	2020 Autoflagger AF-54	Equip-TrailerMtd-Safety-Auto Flagge	298	Month	Active	Hadlock Shop (Flaggers)
	000988	2020 Autoflagger AF-54	Equip-TrailerMtd-Safety-Auto Flagge	375	Month	Active	Hadlock Shop (Flaggers)
	000989	2020 Kohler 10RESV	Equip-Stationary-Generator-<100kW	90	Month	Active	Quilcene Shop
	000990	2020 Caterpillar HMF210	Equip-Attach-Grounds-BrushCutter	485	Month	Active	Hadlock Shop

180000010 - County Roads	001004	2022 Monroe MCV-180-84-56-W	Equip-Attach-Snow-Spreader/Insert	465	Month	Active	Hadlock Shop
	001008	2021 Olympic OM14-2E	Trailer-Tiltbed->10,001GVW	200	Month	Active	Hadlock Shop
	001013	2022 Olympic 33TDT-3AFW	Trailer-Tiltbed->10,001GVW	750	Month	Active	Hadlock Shop
	001014	2022 Olympic 20TDT-2	Trailer-Tiltbed->10,001GVW	600	Month	Active	Hadlock Shop (ROADS)
	001018	2023 Monroe 15'	Equip-Attach-Snow-Spreader/Insert	550	Month	Active	Hadlock Shop
	001020	2022 Mi-T-M WTR-10-0M10	Equip-Stationary-Other	300	Month	Active	Hadlock Shop
	001024	2022 MB HLP/HTP	Equip-Attach-Grounds-Sweeper	770	Month	Active	Hadlock Shop
	001033	2023 Bomag BT65	Equip-Other-PortableTool-Powered	90	Month	Active	Hadlock Shop
	001034	2023 Bomag BVP/18/45	Equip-Other-PortableTool-Powered	60	Month	Active	Hadlock Shop
	001039	2023 GENERAC'S GUARDIAN 26KW	Equip-Stationary-Generator-<100kW	0		Active	Hoh Shop
	001048	2024 FORD F350	C2-Pickup-OneTon-4WD	0		Active	Take-home vehicle (LAMMERS)
	007801	2011 Ford F450	C3-StraightTruck-FlatBed	700	Month	Active	Hadlock Shop
			Monthly Dept/Division Total:	26017			
			Monthly Overall Total:	26017			

Fleet Rental Summary (Hourly and Hybrid Rates)
Assets owned by the ER&R fund and rented to selected department(s) hourly or with an hourly job rate

Dept/Division	Unit #	Year Make Model	Category	Rate	Rate Period	Hourly Job Rate	Status	Parking Location
180000010 - County Roads	000400	1989 Caterpillar D4C	Equip-Tracked-Dozer	800	Month	150	Active	Hadlock Shop
	000549	1994 Hamm GRW5	Equip-PW-Roller-Rubber	1000	Month	70	Active	Hadlock Shop
	000551	1994 Hamm GRW5	Equip-PW-Roller-Rubber	1000	Month	70	Active	Hadlock Shop
	000610	1996 International F2674	C8-StraightTruck-Tanker	2150	Month	32	Active	Hadlock Shop
	000619	1997 Case 621B	Equip-Wheeled-Artic'dLoader-2-4yd	1650	Month	250	Active	Hoh Shop
	000652	2000 International 4900	C8-StraightTruck-PW-AsphaltDsbtr	1100	Month	55	Active	Hadlock Shop
	000669	2000 Layton F525	Equip-PW-Paver-Wheeled	1500	Month	10	Active	Hadlock Shop
	000670	2000 Case 621C	Equip-Wheeled-Artic'dLoader-2-4yd	800	Month	250	Active	Hadlock Shop
	000672	2000 Aquatech SJ600P	Equip-TrailerMtd-Sewer-JetRidders	575	Month	25	Active	Hadlock Shop
	000673	2001 International 2674	C8-StraightTruck-DumpBed-2-axle	2495	Month	10	Active	Hadlock Shop
	000682	2001 Ingersoll-Rand DD24	Equip-PW-Roller-Steel	800	Month	32	Active	Hadlock Shop
	000717	2004 International 7600	C8-StraightTruck-PW-AsphaltDsbtr	1675	Month	50	Active	Hadlock Shop
	000748	2005 Ingersoll-Rand SD77DX	Equip-PW-Roller-Steel	270	Month	5	Active 2nd life	Hoh Shop
	000795	2009 Leeboy 3000	Equip-MaterialHndl-MaterialLoader	1271	Month	100	Active	Hadlock Shop
	000812	2011 Brush Bandit 250XP	Equip-Grounds-WoodChipper	1150	Month	20	Active	Hoh Shop
	000814	2011 Elgin Cross-wind J	C7-StraightTruck-PW-SweeperAir	3722	Month	75	Active	Hadlock Shop
	000827	2012 Rosco Challenger 6	Equip-PW-Sweeper-Riding	1650	Month	105	Active	Hadlock Shop
	000829	2013 Ford F250	C1-Pickup-3/4Ton-2WD	885	Month	7	Active	Hadlock Shop (Flagger)
	000830	2013 Ford F250	C1-Pickup-3/4Ton-2WD	885	Month	7	Active	Hoh Shop (Flagger)
	000867	2015 New Holland T4.85	Equip-Grounds-UtilityTractor-70-	800	Month	44	Active	Hadlock Shop
	000868	2015 US Mower H560FSM	Equip-Attach-Grounds-	350	Month	30	Active	Hadlock Shop
	000869	2015 Caterpillar 140M3	Equip-Wheeled-Grader	2700	Month	41	Active	Hoh Shop
	000874	2015 Freightliner 108SD	C8-StraightTruck-DumpBed-1-axle	1985	Month	38.5	Active	Quilcene Shop
	000877	2015 Freightliner 114SD	C8-StraightTruck-DumpBed-2-axle	3000	Month	44.5	Active	Hoh Shop
	000882	2015 Caterpillar 430F2	Equip-Wheeled-BackhoeLoader-	2000	Month	49	Active	Hadlock Shop
	000891	2014 Caterpillar 938K	Equip-Wheeled-Artic'dLoader-2-4yd	1200	Month	95	Active	Quilcene Shop
	000892	2015 New Holland T6.155	Equip-Grounds-UtilityTractor->100hp	1990	Month	26	Active	Quilcene Shop
	000893	2015 US Mower 135MM23-GG	Equip-Attach-Grounds-BrushCutter	250	Month	2.5	Active	Quilcene Shop

180000010 - County Roads	000900	2016 Morbark M15RX	Equip-Grounds-WoodChipper	800	Month	20	Active	Hadlock Shop
	000901	2015 New Holland T4.85	Equip-Grounds-UtltyTractor-70-	1200	Month	26	Active	Quilcene Shop
	000902	2015 US Mower HS-60FSM	Equip-Attach-Grounds-	725	Month	10	Active	Quilcene Shop
	000906	2012 Rosco SweepPro	Equip-PW-Sweeper-Riding	950	Month	25	Active	Hoh Shop
	000908	2017 Ford F250	C1-Pickup-3/4Ton-4WD	1000	Month	9.35	Active	Quilcene Shop (Flaggers)
	000909	2017 Ford F250	C1-Pickup-3/4Ton-4WD	1435	Month	9.35	Active	Hadlock Shop (Flaggers)
	000917	2017 Ford F450	C5-StraightTruck-FlatBed	1140.68	Month	12.7	Active	Hadlock Shop (Dennis Marquez)
	000917	2017 Ford F450	C5-StraightTruck-FlatBed	1140.68	Month	12.7	Active	Hadlock Shop (Dennis Marquez)
	000918	2017 Caterpillar CS44B	Equip-PW-Roller-Steel	1100	Month	94	Active	Hadlock Shop
	000919	2017 Freightliner M2-106	C8-StraightTruck-Utility-InsAerial	2870	Month	74	Active	Hadlock Shop
	000920	2017 Ford F250	C1-Pickup-3/4Ton-4WD	850	Month	6.38	Active	Hadlock Shop (0000)
	000921	2017 Ford F250	C1-Pickup-3/4Ton-4WD	850	Month	6.38	Active	Hadlock Shop (Flaggers)
	000925	2017 New Holland T4.90	Equip-Grounds-UtltyTractor-70-	1504	Month	25	Active	Hadlock Shop
	000926	2017 US Mower HS-60FSM-XHD4VB	Equip-Attach-Grounds-MowerDeck	970	Month	21	Active	Hadlock Shop
	000933	2010 Volvo ET-16	C8-SemiTruck-Conventional	1178	Month	50	Active	Hadlock Shop
	000934	2017 Leeboy CSV816	Equip-PW-ChipSpreader	2493	Month	300	Active	Hadlock Shop
	000944	2017 Freightliner 114SD	C8-StraightTruck-DumpBed-2-axle	2000	Month	24	Active	Quilcene Shop
	000948	2018 Ford F550	C5-StraightTruck-FlatBed	1350	Month	17	Active	Hoh Shop
	000949	2018 Ford F550	C5-StraightTruck-FlatBed	1300	Month	17	Active	Hadlock Shop
	000952	2017 Freightliner 114SD	C8-StraightTruck-DumpBed-2-axle	2400	Month	34	Active	Hoh Shop
	000955	2018 Freightliner 114SD	C8-StraightTruck-DumpBed-2-axle	2400	Month	34	Active	Hadlock Shop
	000961	2018 Freightliner 108SD	C8-StraightTruck-DumpBed-1-axle	2150	Month	38.5	Active	Quilcene Shop
	000962	2018 Freightliner 108SD	C8-StraightTruck-DumpBed-1-axle	2150	Month	38.5	Active	Hadlock Shop
	000965	2019 FORD F650	C5-StraightTruck-FlatBed	2050	Month	23	Active	Hadlock Shop (Tree crew)
	000966	2019 CASE CX145D	Equip-Tracked-Excavator	2050	Month	34.5	Active	Hadlock Shop
	000980	2020 International HX520	C8-StraightTruck-DumpBed-2-axle	2500	Month	34	Active	Hadlock Shop
	000983	2020 Case CX80C	Equip-Tracked-Excavator	1800	Month	20	Active	Hadlock Shop
	000984	2020 John Deere 325G Track	Equip-Tracked-SkidSteerLoader	900	Month	7.5	Active	Hadlock Shop
	000995	2021 Ver-Mac PCMS548	Equip-TrailerMtd-Safety-Message	0	Month	5	Active	Hadlock Shop (ROADS)
	000996	2021 Ver-Mac PCMS548	Equip-TrailerMtd-Safety-Message	0	Month	5	Active	Hadlock Shop (ROADS)
	000997	2021 Ver-Mac PCMS548	Equip-TrailerMtd-Safety-Message	0	Month	5	Active	Hadlock Shop (ROADS)
	000998	2021 Ver-Mac PCMS548	Equip-TrailerMtd-Safety-Message	0	Month	5	Active	Hadlock Shop (ROADS)
	000999	2022 Ford F450	C5-StraightTruck-FlatBed	1600	Month	10	Active	Hadlock Shop
	001005	2023 International HX520	C8-StraightTruck-DumpBed-2-axle	2600	Month	45	Active	Hadlock Shop

180000010 - County Roads	001006	2022 John Deere 672G	Equip-Wheeled-Grader	2300 Month	43 Active	Hadlock Shop
	001007	2021 Case CX80	Equip-Tracked-Excavator	1800 Month	25 Active	Hadlock Shop
	001010	2021 US Mower EX50HDR	Equip-Attach-Grounds-BrushCutter	575 Month	5 Active	Hadlock Shop
	001012	2022 US Mower EX50HDR	Equip-Attach-Grounds-BrushCutter	575 Month	5 Active	Hadlock Shop
	001015	2022 Case SC-60	Equip-Attach-Construction-Tamper	105 Month	5 Active	Hadlock Shop (ROADS)
	001016	2022 Case SC-80	Equip-Attach-Construction-Tamper	115 Month	5 Active	Hadlock Shop (0966)
	001017	2024 International HX520 SFA 6X4	C8-StraightTruck-DumpBed-2-axle	2700 Month	45 Active	Hadlock Shop
	007785	2008 John Deere 410J	Equip-Wheeled-BackhoeLoader-	500 Month	2.5 Active 2nd life	Quilcene Shop
			Monthly Dept/Division Total:	95779.36		
			Monthly Overall Total:	95779.36		

JEFFERSON COUNTY DEPARTMENT OF CENTRAL SERVICES POLICY

TITLE: ER&R FUND MANAGEMENT POLICY

EFFECTIVE DATE: August 1, 2014

ORIGINAL POLICY

Section 1, Purpose

- 1.1 To provide funds for timely and efficient replacement of materials, vehicles, and equipment; and systems and equipment used for maintaining vehicles and rental equipment
- 1.2 To formalize a policy consistent with applicable statutes on the level and components of Unrestricted Net Current Assets and to outline the formula to be used in determining rental rates to assure compliance with the desired level of Unrestricted Net Current Assets.
- 1.3 To maintain customer-department rental-rate stability.
- 1.4 This policy shall be signed and approved by the Central Services Director and may be updated at any time as authorized by the Central Services Director.

Section 2, References

- 2.1 Revised Code of Washington, Chapter 36.33A, "Equipment Rental and Revolving Fund"
- 2.2 Revised Code of Washington, Chapter 43.09 Section 210, Local Government Accounting
- 2.3 Budgeting Accounting Reporting System (BARS) Manual, Office of State Auditor, Volume 1, Part 3, Chapter 7
- 2.4 Miller Comprehensive Governmental GAAP Guide, current edition.
- 2.5 Equipment Rental & Revolving Fund Guidance, Washington State Auditor's Office
- 2.6 GASB Codification of Governmental Accounting and Financial Reporting Standards. Section 1300.104.

Section 3, Definition of Terms:

- 3.1 "Fleet", "Fleet Services" or "Fleet Services Division" is the Fleet Services Division of the Central Services Department, sometimes known as "ER&R" due to its management of the Equipment Rental and Revolving Fund.
- 3.2 "ER&R Fund" or the "Fund" is the revolving fund managed by the Fleet Services Division in accordance with RCW 36.33A to provide for the operation, maintenance and replacement of certain fleet equipment.
- 3.3 "Unrestricted Net Current Assets" means the difference between the total current assets and total current liabilities of the fund. It represents the balance of all financial resources available for current appropriation and expenditure after all revenues and expenditures have been accounted for at the end of a given period. Unrestricted Net Current Assets shall contain three components:

- 3.3.a "Assets Earmarked for Parts, Supplies and/or Materials Inventories" means the amount set aside and available for the replacement of parts, supplies and/or materials in the Supplies Inventory asset account.
- 3.3.b "Assets Earmarked for Equipment Replacement" means the amount set aside and available for planned capital improvements and replacements of existing systems and equipment used in maintaining vehicles and equipment, such as automotive test equipment, shop hoists, car wash facility, steam cleaner facility, etc.
- 3.3.c "Assets Earmarked for Capital Replacement and Improvement" means the amount set aside and available for the replacement of vehicles and equipment.
- 3.4 "Rental Rate" means the amount charged to the using agency for the use of Equipment Rental and Revolving Fund vehicles or equipment. The rentals may be charged to user agencies on an hourly, daily or monthly basis consistent with RCW 36.33A. Rental Rates include, but are not limited to, charges for maintenance and operating costs, overhead costs, equipment replacement, non-operating revenues, and other adjustments.
- 3.5 "Maintenance and Operating Costs" means the costs of keeping the vehicle or equipment in operation. It includes, but is not limited to, the costs of fuel, oil, tires and tubes, batteries, and all other parts and labor expended in order to maintain and operate the fleet.
- 3.6 "Overhead Costs" means the costs expended for providing general management, administrative activities, insurance, rent, utilities, support services in managing the fleet and County-wide central service charges.
- 3.7 "Replacement Factor" means the amount charged in order to accumulate the anticipated cost of replacing vehicles and equipment at the end of their economic life.
- 3.8 "Sale Proceeds" means the proceeds from the sale of surplus vehicles and equipment.
- 3.9 "Other Adjustments" are amounts added to or credited to the rental rate to cover deficiencies or surpluses in the prior year's operations.

Section 4, Operation of the ER&R Fund

- 4.1 The ER&R Fund is a revolving fund. Moneys paid to the fund each year in the form of rent, replacement factor, sale proceeds and other adjustments total a small percentage of the cost of replacing all assets owned by the fund; these moneys are then used each year, in sum, to provide for the replacement of the percentage of the assets owned by the fund for which replacement in that year is necessary.
- 4.2 Each asset owned by the fund either must have itself been funded in full by its customer department or must be a Fund-provided replacement for an earlier asset that was funded in full by its customer department. The rent and other moneys paid to the fund by the customer department following the provision of that asset are for the operation, maintenance, repair and replacement of the asset (strictly excluding repayment of any first costs of procuring the asset).
- 4.3 Sufficient ER&R Fund balance must be maintained to provide for emergency and other contingency situations and to provide stability and fluidity of asset replacement throughout each year. The Fund balance will vary within each year as assets are replaced, put into

service and removed from service. The Fund balance will vary from year to year as assets of greater than average capital cost are replaced or retained.

- 4.4 Assets comprising approximately 10.5% of the Fund's Equipment Replacement value should be replaced annually, on average, given the asset inventory and lifecycle schedules in place at the time of the adoption of this policy. The amount expended in any given year will depend heavily on whether assets of greater than average capital cost are scheduled for replacement that year.
- 4.5 Rental rates shall cover all costs of maintenance and repair, material and supplies consumed in operating and maintaining equipment, administrative and central services overhead and future replacement.
- 4.6 The rental rate for each asset shall be charged beginning on the date the asset is issued to the customer department and accepted by that department as properly configured for its use and ending on the date the asset is surrendered to ER&R for disposal.
- 4.7 Hourly labor rates and mark-up rates on the supply of supplies, parts, fluids, fuel and any other service or material furnished by the ER&R Fund shall cover all costs associated with the provision of those services or materials. However, to provide budget stability for customer departments, labor and mark-up rates may lag actual costs by the time sufficient to analyze a fiscal year's operations and to prepare rates for approval by customer departments prior to their formation of their next budget. Further, rates may be adjusted so as to include temporary or one-time costs or profits over the course of more than one fiscal year so as to lessen variation in rental rates from year to year.

Section 5, Unrestricted Net Current Assets

- 5.1 Unrestricted Net Current Assets must be no less than 25% of the lifetime accumulated depreciation for all assets currently owned by the fund, as determined by the Working Capital Reserve Recommendation for Each County Fund as adopted by the Board of County Commissioners (County Resolution 65-13 or subsequent resolutions as replace it).
- 5.2 Unrestricted Net Current Assets and the lifetime accumulated depreciation for all assets currently owned by the fund will be measured on the last day of each year for purposes of determining compliance with Subsection 1 of this Section.
- 5.3 Fund assets are stored and invested under the control of the Jefferson County Treasurer.

Section 6, Agreements with Customer Departments

- 6.1 The manager of the Fleet Services Division shall annually propose to each customer department head an agreement for services for the coming year. The agreement shall be signed by both parties following negotiation and agreement as necessary.
- 6.2 Each agreement will detail the following:
 - 6.2.a Fleet inventory assigned to the customer department;
 - 6.2.b Rental rate or reimbursement terms for each assigned asset;
 - 6.2.c Services to be provided by Fleet Services for each assigned asset;

- 6.2.d Costs and mark-up rates for anything provided by Fleet Services beyond the terms of the agreement or provided in the case of any asset for which it is agreed the customer will pay costs only;
 - 6.2.e The assigned assets to be replaced during the year and the revised rental rate of each replacement asset; and
 - 6.2.f A summary of this policy as it applies to the relationship between Fleet Services and the customer department.
- 6.3 The agreements will be reviewed and revised as needed during the year by mutual agreement of both parties.

Section 7, Equipment Purchase

- 7.1 Fleet Services will purchase replacement and additional fleet assets after consultation with each respective customer department.
- 7.2 Asset purchases will prioritize, roughly in order of important, the following considerations:
 - 7.2.a Safety of operation in intended application;
 - 7.2.b Suitability for intended application;
 - 7.2.c Anticipated efficiency in intended application
 - 7.2.d Projected rental cost based on all known factors;
 - 7.2.e Ability to reduce petroleum usage; and
 - 7.2.f Availability of existing contract usable for purchase.
- 7.3 Replacement units will be purchased according to schedules determined by Fleet Services with the concurrence of each respective customer department; the impact to the customer department's operating budget must be considered, and the manager of Fleet Services shall estimate during each budgeting process the estimated changes to rental rates for each customer department during the next budget year as a result of planned asset replacements in accordance with Subsection 6.2.e.
- 7.4 Any asset that would be an addition to the fleet rather than a replacement of an existing unit to be removed from service must be funded in accordance with Subsection 4.2 or 4.3. Any department requesting such an addition must have sufficient approved capital and ongoing funding to finance the initial and ongoing costs of the additional asset.

Section 8, Rental Plan Options

- 8.1 **Costs only:** No regular rental will be billed. Maintenance, repair and/or fuel costs must be billed at mark-up rates as established and revised. Unit replacement at end of life is not provided. Resale proceeds are returned to owning department. The availability of this type of rental plan is limited to those units owned by customer departments and not by the ER&R fund.
- 8.2 **Full rental:** Periodic rental rate will be billed to cover depreciation, replacement factor, maintenance, repair and fuel costs. Rental rate must be adjusted annually to keep pace with

changes in replacement cost or lifecycle and to reflect actual operational costs. Costs of major accidents may be paid separately by the customer department or may be included in the revised rental rates.

- 8.3 **Hybrid rental plans:** Unique and legacy rental arrangements may be mutually agreed upon by Fleet Services and the customer department.

Section 9, Determination of Rental Rates

- 9.1 The following costs shall be included in the rental rate, where applicable to the chosen rental plan option (see Section 8):
- 9.1.a Operating and maintenance costs shall be determined by using the most recent cost information available for the preceding twelve months plus a factor using comparable data, if available, for any anticipated increase in costs due to increasing asset age. For vehicles or equipment with no cost history, the manager of Fleet Services shall develop an estimate using whatever indices or comparable data are available.
 - 9.1.b Fuel costs shall be determined by using the most recent usage information available for the preceding twelve months and multiplying it by anticipated per-gallon costs for the coming year (available from U.S. DOE EIA or commercial sources). For vehicles or equipment with no usage history, the manager of Fleet Services shall develop an estimate using comparable data or the usage history of the asset replaced by the one in question.
 - 9.1.c Initial periodic replacement charges for vehicles and equipment shall be computed by dividing asset purchase cost by the projected number of periods in the life of the asset. Asset replacement cost shall be updated to current actual cost annually, and periodic replacement charges adjusted accordingly. For all future purchases, asset purchase cost shall include all costs of obtaining the asset and configuring it for service as required by the customer department, including customization and upfitting.
- 9.2 The following costs shall be excluded from the rental rate, not charged to the ER&R fund nor paid by Fleet Services, and instead shall be paid directly or charged to the respective customer department:
- 9.2.a Traffic and parking fines;
 - 9.2.b Parking fees;
 - 9.2.c Tolls and ferry fees;
 - 9.2.d Collision insurance;
 - 9.2.e Replacement and repair costs due to major damage; and
 - 9.2.f Costs due to loss, fraud, waste, misuse or abuse on the part of any customer department's employee where such cost results from failure on the part of the customer department to monitor and control its employee's usage of fleet assets or

supplies or where the loss of any key, access card or PIN used to perpetrate the loss or fraud is not immediately reported to Fleet Services.

- 9.3 The residual or resale value of any asset shall be included in the rental rate as a deduction. This value shall be estimated initially and revised at the time of the equipment's disposal or removal from the fleet inventory and may also be revised periodically if conditions warrant. The initial estimate may be any reasonable figure, typically 10% of the original purchase cost.
- 9.4 The replacement factor shall be added to the rental rate. This factor should, in general, account for inflation of approximately 2%, compounded annually, on the initial purchase cost of the asset. The replacement factor may also be revised periodically if conditions warrant, such as when the customer department chooses a different type of replacement or in the case of very long lifecycles where such a blanket estimate is inadequate.
- 9.5 The manager of the Fleet Services Division shall periodically estimate end-of-life profit or loss for each asset and propose adjustments to rental rates as necessary to ensure the ER&R Fund is neither accumulating excess rental revenue nor suffering a shortfall for any asset.
- 9.6 Rental rates established pursuant to this policy shall be subject to annual review by the County Commission; this typically occurs through the County's normal annual budgeting process.

Section 10, Options for Normal Termination of Rental

- 10.1 **Unit no longer needed and no replacement needed:** The unit to be retired will be disposed of. Assuming depreciation and replacement costs were paid during the rental of the unit, rental income in excess of operational costs shall be returned to the original customer department. Asset files will be marked with a clear indication that the unit was not replaced and that the funds allocated for replacement had been returned to the customer department.
- 10.2 **Replacement of like kind needed:** Replacement unit will be procured; retired unit will be disposed of. Settlement of the assets accounts will occur between Fleet Services and the customer department. Both asset files will be marked with a clear indication that the unit was replaced by the replacement unit, including both asset numbers.
- 10.3 **Replacement of non-like kind needed:** Fleet Services will prepare an estimation of the Replacement unit will be procured; retired unit will be disposed of. Settlement of the assets' accounts will occur between Fleet Services and the customer department.

Section 11, Options for Early Termination of Rental

- 11.1 **Unit no longer needed or its operation no longer funded and no replacement needed:** Another customer department may assume the rental and use of the unit, or the unit may be sold at surplus auction. Settlement of the assets accounts will occur between Fleet Services and the customer department.
- 11.2 **Unit damaged beyond repair and no replacement needed:** Same as Subsection 1 of this Section.

- 11.3 **Unit damaged beyond repair and replacement needed:** Customer department may pay separately the sudden depreciation and additional replacement factor necessary to replace the vehicle. Instead, customer may choose to continue after the replacement of the vehicle paying the depreciation and replacement factor left deficient at the time of the vehicle's damage. In no case shall outstanding depreciation and replacement costs be added to the rental rate of the replacement or any other vehicle; however, the option of the customer department continuing to pay the capital costs of a vehicle that is no longer in operation has much the same budgetary impact.

Section 12, Equipment Disposal

- 12.1 **Public surplus auction:** Sale proceeds used in place of projected residual value to determine lifecycle costs and profit/loss of the replaced vehicle.
- 12.1.a In no case will any surplus asset be sold to the manager of Fleet Services, to any county employee responsible for administering the sale of the asset, nor to any immediate family member thereof.
- 12.1.b No surplus asset will be sold to any employee of Fleet Services, to any county employee who was a regularly assigned driver or operator of the asset, to any county employee who was the manager or supervisor responsible for the use of the asset, nor to any immediate family member of any of the above, except if the following conditions are met:
- (i) a full and accurate accounting of all maintenance, repair, upgrades and all other actions taken within the twenty-four months preceding the County's offering of the asset for sale must be clearly detailed in writing and available for inspection by any interested buyer at all times the asset is otherwise available for inspection; and
 - (ii) the sale of the asset must be clearly advertised in the same manner as other assets of its type during any given offering for sale.
- 12.2 **Second use:** Sale to customer department (first right of refusal) or to another customer department. Settlement of lifecycle costs with original customer department will use published index based on condition or actual sale prices from similar units to determine residual value. Rental to new customer department will consist either of a one-time payment of that residual value or a short-term rental contract based on that residual value if part of a rotating cycle of second-life vehicle rentals. Transfer to any subsequent department will follow the same procedure. Provided this procedure has been followed and the preceding department(s) compensated for the residual value of the unit at the time of transfer, the sale proceeds after the final assignment of the unit will be designated to the final department assigned the unit for purposes of asset account settlement.

Section 13, Settling Asset Accounts

- 13.1 The amount of rental income allocated to an asset shall be settled or balanced to ensure the ER&R Fund neither gains nor loses funding through its providing and managing the asset in accordance with RCW 43.09.210, which requires, in part, that "...All service rendered by ... one department ... to another, shall be paid for at its true and full value by the department

... receiving the same, and no department ... shall benefit in any financial manner whatever by an appropriation or fund made for the support of another....”

- 13.2 The manager of the Fleet Services Division and the customer department head may find that the adjustment of rental rates has been neglected in the case of one or more assets assigned to that department, causing those assets to accumulate considerable life-to-date or projected end-of-life loss or gain. If this loss or gain is greater than what can be negated reasonably and quickly through the adjustment of rental rates, one or more of the following actions should be taken:
- 13.2.a In the case of life-to-date or projected end-of-life loss by the ER&R Fund for any one asset, the customer department may provide a one-time transfer of funds to balance the account, with or without an accompanying increase in rental rate;
- 13.2.b In the case of life-to-date or projected end-of-life gain by the ER&R Fund for any one asset, the ER&R Fund may provide a one-time transfer of funds to the customer department to return the excess, with or without an accompanying decrease in rental rate; or
- 13.2.c In the case of life-to-date or projected end-of-life gains and losses by the ER&R Fund for a group of assets in any one customer department where the sum gain or loss is relatively minimal, the assets showing gains may be debited and the assets showing losses credited in equal amounts so that each asset's account is balanced.
- 13.3 This settling shall occur at the end of each asset's life following disposal and may also occur periodically if conditions warrant.
- 13.4 In the case of accident or other unusually expensive damage causing a one-time loss for any one asset, the customer department may provide a one-time transfer of funds to balance the account. (See Subsection 7.3 and Subsection 9.3 for additional detail.)
- 13.5 At the time an asset is retired, removed from service and disposed of, the manager of Fleet Services shall prepare a report of the asset's fund credits and debits and shall furnish the report to the customer department head. The asset's account shall be settled as close to \$0.00 as reasonably possible (without needlessly costly accounting exercises) using one of the methods described in Subsections 2.a through 2.c of this Section.
- 13.6 At the time an asset is sold or otherwise transferred to another customer department, the manager of Fleet Services shall prepare a report of the asset's fund credits and debits and shall furnish the report to the customer department head. The asset's account shall be settled as close to \$0.00 as reasonably possible (without needlessly costly accounting exercises) using one of the methods described in Subsections 2.a through 2.c of this Section.

Section 14, Fleet Services Operations and Billing

- 14.1 All time for which Fleet Services Staff are compensated, all parts issued and all fuel and fluid dispensed will be billed to the appropriate accounting codes, whether to individual fleet assets, to departmental asset accounts or to indirect codes internal to Fleet Services funds. Rates will reflect the following additional costs:

- 14.1.a Labor rates billed will be at a rate that includes all benefits, indirect time, facility costs, mechanical shop and service costs, administrative and support services and other overhead costs attributable in general to the services provided by Fleet Services;
- 14.1.b Parts mark-up rates will be calculated to include all costs incumbent in ordering, stocking and dispensing stocked and special-order parts; and
- 14.1.c Fuel mark-up rates will be calculated to include all costs of operation of the fuel sites.
- 14.2 Fleet Services shall evaluate general work categories and individual instances of repair work and will either perform the tasks in house or outsource them, whichever is, in the judgment of Fleet Services, most economical, efficient and effective.
- 14.3 Fleet Services will strive to consolidate orders of vehicles, equipment, fuels, fluids, parts and services, and to limit diversity within the fleet to the minimum necessary to support customer operations, preserve competition and maintaining a diverse, competitive and flexible supplier base. Fleet Services' goal in this area shall be to enhance consistency within the fleet.
- 14.4 While complying with all applicable purchasing laws, Fleet Services will use the most economical and competitive methods of procuring vehicles, equipment, fuels, fluids, parts and services. Such methods may include use of Washington State Department of Enterprise Services contracts, cooperative procurement with other county or municipal entities and the standard procurement processes of Jefferson County.
- 14.5 Fleet Services will maintain and operate a data system designed for and capable of tracking, monitoring and reporting comprehensive information on the costs and usage of all fleet assets. Fleet Services will make such information and analysis as is requested available to its customer departments upon request.

REVIEWED BY:


Fleet Services Division Manager

APPROVED BY:


Central Services Director

7/31/14
Date