

## *Memo*

TO: Mayor and Board of Commissioners

FROM: Hazen Blodgett, Town Manager

DATE: March 7, 2007

SUBJECT: Vehicle Replacement Policy

At the January 22 Board meeting the Town Board briefly discussed the Vehicle Replacement Policy. Attached is a copy of a memo from Ralph Messera as well as the Vehicle Replacement Policy. Fleet Manager Bob Fletcher has used the criteria in the Vehicle Replacement Policy and evaluated a number of vehicles in the department. We feel the policy accurately reflects the condition of the vehicles. This policy was put together as a result of Ralph Messera's hard work in looking at a number of other policies including the City of Charlotte and the American Public Works Association. Ralph will be available at the meeting to discuss the rationale behind this Vehicle Replacement Policy should you have any questions.

**Recommendation:** Approve the attached Vehicle Replacement Policy.

# Memo

To: Hazen Blodgett, Town Manager  
From: Ralph S. Messera, Public Works Director  
Date: March 7, 2007  
Subject: Fleet Replacement Policy

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## Action Needed:

Seek Board approval of Fleet Replacement Policy to provide Town with basis for making equipment replacement decisions and CIP planning.

## Vision Statements Supported:

Vision #7 Healthy Town Financial Footing

## Background:

Staff has considered the need for the provision of an objective system of standards to guide our decisions as we look at upgrading and replacing our vehicle and equipment fleet in the coming years. In the Public Works Department quite a number of vehicles and pieces of equipment were bought in the early 1990's and are reaching the end of useful lives. The Police Department fleet has grown substantially. Parks and Recreation have added vehicles. How do we provide a coherent strategy to choose items for replacement while maintain a reasonable budget position?

The attached policy has been developed to provide a basis for decision making. It is a composite of policies from other locations, among them the City of Charlotte, and recommendations from the Fleet Div. of the American Public Works Association, Fleet Manager Bob Fletcher and input from Matthews Department Heads. Considerations was also given to policies of some private fleets, such as Duke Power.

The goal is to provide a fleet that meets the needs of the Town, is safe to operate, and provides the best possible return in resale value at the end. It is hoped that this policy will give Management the tools they need to make sound decisions as they budget each year.

# **Town of Matthews**

03/07/07

## **Fleet Replacement Policy**

### **General Policy**

It is the policy of the Town of Matthews to provide staff with the tools needed to do the job in a professional, competent and safe manner. Among the biggest “tools” in accomplishing the task are motor vehicles and motorized equipment. In addition, these items are a very substantial financial investment and need to be handled in the most economic manner to the Town, both in their operation and in maximizing their disposal value.

Each vehicle and/or piece of equipment has a number of “lives”. It has a service life, which is the amount of time a vehicle is capable of rendering service. It has a technological life which represents the relative productivity decline of the unit as compared to newer models. Most important, a unit has an economic life, which is the length of time the average total vehicles cost is at a minimum. The following unit expenses and costs should be considered in determining fleet replacement recommendations:

1. Fuel Costs
2. Operation Costs
3. Maintenance Costs, to include parts availability
4. Downtime
5. Technological Obsolescence
6. Condition
7. Safety

The Fleet Maintenance Division recognizes that the realities of the budget process, monetary restrictions, and administrative policies will limit the replacements that can be made each year, and that priorities must be set to determine which vehicles to replace with available funds. The purpose of this policy is to set forth an outline for user departments, in cooperation with the Fleet maintenance division to establish these priorities for recommendation to management.

### **Equipment Replacement Evaluation and Criteria**

Vehicles and/or equipment will be evaluated by four criteria: age, mileage operation & maintenance cost condition of body and mechanical components. A baseline is set for each criteria and points are assigned, depending on how the item’s data compares to the base standard. The ratings are low, base (equal to the standard), high and extreme. Points are assigned as follows: 1-low, 2-base, 3-high, and 4-extreme.

Any point total equaling or exceeding eleven (11) indicates that the vehicle should be

recommended for replacement. The point total is used to rank its replacement priority, and the larger the number the higher the replacement priority will be. A priority ranking will developed for the entire fleet by class of vehicle regardless of departmental assignment.

Priority ranking is intended to serve as a guide and should no way be interpreted as a substitute for the Fleet Maintenance division evaluation and recommendations. For example, does the equipment mechanic know about a transmission slipping in a vehicle, or does he feel that a vehicle has been driven to hard to make it to the base criteria. Another example might be a piece of equipment developing a high operating cost, or fuel use per mile. The evaluation criteria might show a low total score, however it might be necessary to look at this unit for replacement as soon as possible. These things may not show in a point based criteria, but can't be ignored completely.

In addition, some vehicles might be stepped down in "class" and such change might change their base. An example might be a police car with one base shifted to a "reserve car with a different base. Also, there will be special cases, such as very low use vehicles, that a judgement might indicate that any replacement be delayed, despite a high point total.

Finally, there may be cases where new technology or features on new equipment might increase productivity or provide other benefits to the Town that might make replacement a viable option.

The following is a brief explanation of the rating criteria:

**Age:** based on the experience in the class of equipment and industry standards as recommended by the American Public Works Association, national averages, other cities, etc., and intended to reflect the least cost and highest resale value to the Town.

**Mileage:** based on the experience in the class of equipment and industry standards as recommended by the APWA, national averages, other cities, etc., and intended to reflect the least cost and highest resale value to the Town.

**Maintenance Cost:** The base cost will be a total of maintenance and repairs costs as a percentage of the original purchase price. Accident and warranty repairs are not to be included in this total.

**Condition:** a physical evaluation made for each vehicle that meets or exceeds the base standards for age, mileage and maintenance costs. The criteria would be an assignment of a repair cost as a percentage of the book value of vehicle. Vehicle history, such as accidents would be also considered at this point.

**Comments and Other Considerations:** This is where the Fleet Manager can comment of vehicle history, costs, technological changes, safety items, etc. that should be considered in an evaluation.

## Replacement Parameters

### Age

<u>Condition</u>	<u>Points</u>
Below base replacement age	0
< 1 year over base	1
1-2 years over base	2
3-4 years over base	3
4+ years over base	4

### Mileage

<u>Condition</u>	<u>Points</u>
Below base replacement mileage	0
Base + < 10,000 miles (600 hours)	1
Base + 10,000-20,000 miles (600-1,200 hours)	2
Base + 20,000+ miles (+1,200 hours)	3

### Maintenance Cost

<u>Condition</u>	<u>Points</u>
< 5% of the purchase cost	1
5% to 12% of purchase cost	2
13% to 25% of purchase cost	3
> then 25% of purchase cost	4

### Condition Evaluation

#### See Evaluation Form

<u>Condition</u>	<u>Points</u>
Repair cost <6% of the book value	2
Repair cost 6% to 18% of book value	3
Repair cost >18% of replacement	4

## Equipment Replacement Base Criteria

<u>Item</u>	<u>Age</u>	<u>Mileage/Hours</u>
Cars- Normal use	9	120,000
Police Cars - pool	5	100,000
Police Cars assigned	7	120,000
P/U- compact to 3/4 ton	10	120,000
Medium/Heavy Trucks (>15k GRVW)	12	120,000
Off Road Equipment	12	4,000 hr
Backhoe & Loaders	12	4,000 hr
Sweepers	10	80,000
Trailers	20	N/A
Rollers	20	4,000
Plows	20	N/A
Spreaders	15	N/A
Other trailed Equipment	15	2,500 hr
Fire Equipment > 15K GRVW	20	TBD
Fire Equipment < 15k GRVW	10	TBD

TBD- To be Determined by condition and general FD practice.

## Vehicle/Equipment Evaluation Form

Item # \_\_\_\_\_

Year: \_\_\_\_\_ Make: \_\_\_\_\_ Model: \_\_\_\_\_ Mileage: \_\_\_\_\_

Using Dept./Div.: \_\_\_\_\_

Date of Evaluation: \_\_\_\_\_ Performed By: \_\_\_\_\_

System	Diagnosis	Estimated Repair Cost
Engine		
Transmission		
Drive Line		
Differential		
Exhaust System		
Pumping System		
Hydraulic System		
Brakes		
Tires		
Body		
Interior/Exterior		
Front End		
Suspension System		
Air Conditioning		
General Overall Condition		
<b>Total estimated repair cost</b>		

Diagnosis Code	Code Description
Good	System is functioning well, and no major repair expected
Fair	Major overhaul is needed, but system can function for awhile longer before overhaul is required
Poor	Major repair is required as soon as possible to ensure vehicle dependability

**Evaluator's Comments:** \_\_\_\_\_

\_\_\_\_\_

**Vehicle/Equipment Evaluation Summary Report**

Item #: \_\_\_\_\_ Evaluation/Report Date: \_\_\_\_\_

Department Assignment: \_\_\_\_\_

Year: \_\_\_\_\_ Make: \_\_\_\_\_ Model: \_\_\_\_\_

Description/Use: \_\_\_\_\_

**Summary Values**

Age \_\_\_\_\_ Base Age from Policy \_\_\_\_\_ Points: \_\_\_\_\_

Mileage \_\_\_\_\_ Base Mileage: \_\_\_\_\_ Points: \_\_\_\_\_

Maintenance Cost: (Attach History Report from FASTER)

Purchase Cost: \_\_\_\_\_ Total M&R: \_\_\_\_\_ Points: \_\_\_\_\_

Condition Evaluation (from Reverse)

Book Value: \_\_\_\_\_ Est Repair Cost: \_\_\_\_\_ Points: \_\_\_\_\_

**Total Points** \_\_\_\_\_

Comments and other considerations: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Fleet Manager's Recommendation: \_\_\_\_\_

\_\_\_\_\_