

POLICY STATEMENT 7.40 TITLE: - EQUIPMENT/VEHICLE REPLACEMENT (REVISED)

Engineering & Public Works Committee: October 17, 2013

COW Approval: November 19, 2013 (February 20, 2007; January 20, 2004)

Last VB Approval: December 10, 2013 (February 27, 2007; January 13, 2004)

Date: December 10, 2013

Goal Statement: The Village of Schaumburg aspires to provide its employees with equipment and vehicles that enable them to offer effective and efficient services that our residents demand while applying sound business approaches associated with understanding the costs and benefits of equipment and its capabilities; funding purchases through a pay as you go methodology as much as practical; and making decisions on replacements considering the level of usage, performance, and return through sale or trade-in.

Funding: The repository of the reserves for future equipment and vehicle replacements is known as the equipment/vehicle replacement fund. The purpose of the fund is to provide assured and adequate resources for the future replacement of vehicles and mobile equipment, not subject to the financial constraints of the general fund. Upon acquisition, any rolling stock with a purchase value in excess of one thousand dollars (\$1,000.00) and an expected life in excess of one (1) year shall be automatically included in the equipment/vehicle replacement fund for future replacement, and the appropriate replacement charge will be collected from the fund from which the benefiting department derives its funding.

Revenues: The revenues for the equipment/vehicle replacement fund are generated from replacement charges (funded depreciation) applied against the operating funds of the village that support the departments that utilize the subject equipment and vehicles, surplus equipment/vehicle sale proceeds, insurance claims, and investment income.

The replacement charge is determined through the use of the following formula:

- * Gross purchase price plus aftermarket expenses that have the same life expectancy as the unit, not including light bars and radios, divided by anticipated life cycle (see standards for replacement) = replacement charge.
- * Trade-in or surplus sale values for the subject equipment are not included in the formula to help offset future cost increases in the equipment/vehicles that may be higher than the rate of inflation.
- * Income from the settlement of property damage insurance claims on the vehicle, self-insured or third party, resulting in the total loss of village equipment or vehicle, shall be returned to the equipment/vehicle replacement fund to enable the purchase of a replacement unit. A new account shall be established for the replacement unit.

Fund Balance: The reserve fund balance of the equipment/vehicle replacement fund should be sufficient to meet the following objectives:

- * Fund the current fiscal year vehicle purchase needs;
- * Fund the annual average of the total five-year projected purchase needs; and
- * Generate sufficient investment income to offset inflation of the vehicle replacement costs in conjunction with surplus sale revenue.

In Like Kind Replacement: The equipment/vehicle replacement fund is structured to replace each piece of equipment or vehicle by a unit of like kind. It is understood that capabilities and technology associated with the various units may change over the course of time. Cost increases due to upgrades, additions of options, or other improvements associated with units scheduled for replacement shall be highlighted as

an element of the annual budget presentation, and shall either be funded from transfers from the operating funds or from unencumbered fund balance.

Annual Budget Detail: The annual fiscal year budget shall disclose the anticipated cost for the replacement of the equipment or vehicle and the amount of money that is in the equipment/vehicle replacement fund account for the replacement. In the event that the fund account's resources are not sufficient to fully pay for the item, the difference and the means to make up the difference shall be noted in the budget document.

Additions To The Village's Equipment Inventory and Fleet: These units shall be noted as "new items" in the subject department's fiscal year budget appropriation request, with an equivalent dollar amount transferred to the equipment/vehicle replacement fund. The subject department's annual budget shall also be adjusted to include the appropriate depreciation charge and operating/maintenance support expenses associated with the new unit.

Processes: The processes associated with the development of the annual five (5) year equipment/vehicle replacement plan and development of specifications for the equipment and vehicle replacements are hereby adopted as detailed in attachment A as provided herein. The schedule for the completion of the various tasks shall be in accordance with attachment B as provided herein.

Scheduled Replacement Guidelines: Guidelines for the replacement of equipment and vehicles are hereby established, and adopted as detailed in attachment C as provided herein for the purpose of creating depreciation amounts. Each piece in the fleet vehicle and equipment inventory shall be evaluated for replacement on an annual basis. Evaluation criteria shall include:

- * The cost of maintenance per mile or hour;
- * Life to date utilization (miles or hours);
- * Age; and
- * General mechanical and body condition.

Units are considered candidates for replacement when life to date utilization and/or age meets or exceeds the expected service life, as detailed for each unit class in the scheduled replacement guidelines. Age and accumulated mileage shall serve as the principal determinant of when a vehicle or equipment is replaced. With certain exceptions, such as the exemption provided for police squad cars and where extraordinary maintenance costs have been incurred, both standards should be achieved or projected to be reached during the subject fiscal year, based on past usage, when the replacement program is developed.

The replacement guidelines shall be subject to review by the FLAGG committee.

These standards are guidelines only and individual unit life cycles may differ based on expected utilization or other operating conditions. In the event that management wishes to deviate from the guidelines, justifications shall be presented, including an understanding on how granting the deviation will affect the status of the equipment/vehicle replacement fund. The replacement charges, i.e., depreciation amounts, shall be adjusted as well to account for the change in timing for the replacement.

Any proposed deviation from the adopted guidelines shall be subject to the review and approval of the finance, legal, administration and general government (FLAGG) committee and entire village board as a part of the five-year equipment/vehicle replacement plan.

Unanticipated New Additions: Unless it can be shown to be in the interest of promoting the health, safety and welfare of the general public to do otherwise, all new requests for the purchase of additional pieces of equipment shall be presented to the village board as an element of the annual budget process.

Roles

Engineering & Public Works Department:

- * Prepares five-year equipment/vehicle replacement plan with the finance department for the review and approval of the village manager's office and village board.
- * Prepares the timetable for the replacement of equipment/vehicles for which the village board has provided appropriations within the annual budget.
- * Communicates information on the cost of operating vehicles and equipment to the relevant village departments.
- * Provides leadership and coordination for the development of specifications for bids for the replacement of equipment and vehicles.
- * Makes recommendations to the engineering & public works committee on the award of contracts for bids on replacement equipment and vehicles.

Finance Department:

- * Provides assistance to the engineering & public works department on the development of the five-year equipment/vehicle replacement plan.
- * Establishes depreciation schedules for each piece of village owned equipment and vehicle for the equipment/vehicle replacement fund.
- * Maintains the accounts for the equipment/vehicle replacement fund.
- * Assists in the development of the five-year equipment/vehicle replacement plan.
- * Coordinates the bidding process associated with the replacement of equipment and vehicles.

Other Village Departments:

- * Provides input to the team preparing the five-year equipment/vehicle replacement fund, including whether deviations should be sought.
- * Provides input on the timetable for the replacement of equipment and vehicles.
- * Provides input on the development of plans and specifications for the replacement of vehicles.

Village Manager's Office:

- * Provides input and approval to the "draft" five-year equipment/vehicle replacement plan prior to presentation to the village board.
- * Provides input and approval to the "draft" timetable for equipment/vehicle replacement for the current fiscal year.
- * Reviews and approves recommendations on the awards of bids for equipment and vehicle replacements.
- * Reviews requests for additional funding associated with the purchase of equipment/vehicles where sufficient funds are not available in the equipment/vehicle replacement fund account.

Village Board - Finance, Legal, Administration and General Government Committee:

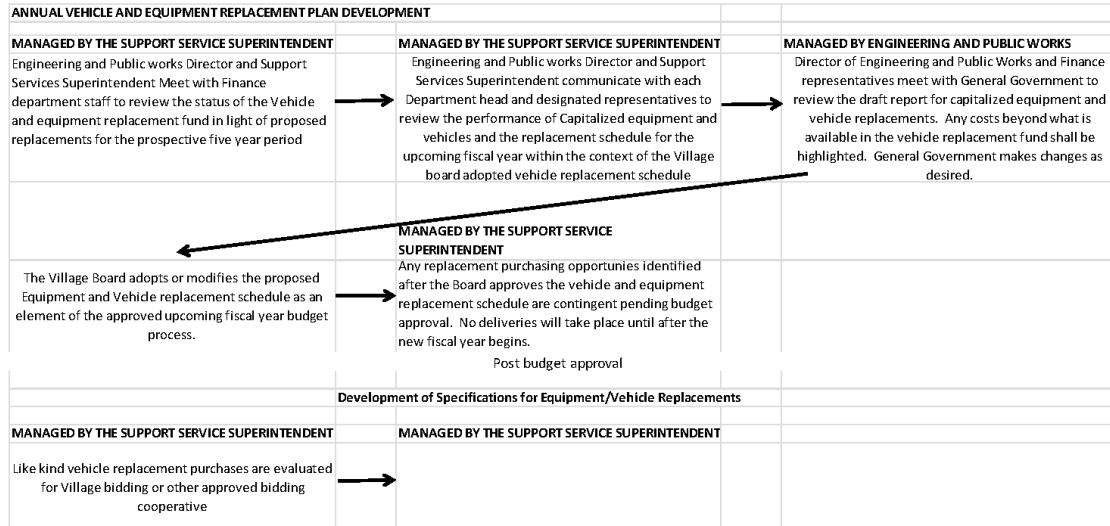
- * Reviews, modifies, rejects or approves requests for additional funding associated with the purchase of equipment/vehicles where sufficient funds are not available in the equipment/vehicle replacement fund account.

Entire Village Board:

- * Reviews, modifies, rejects or accepts staff's recommendations for the five-year equipment/vehicle replacement plan as a part of the overall fiscal year budget approval process.

- * Reviews, modifies, rejects or accepts the FLAGG committee's recommendations on requests for additional funding associated with the purchase of equipment/vehicles where sufficient funds are not available in the equipment/vehicle replacement fund account.

Annual Vehicle and Equipment Replacement Plan Development - Attachment A



Village Of Schaumburg Vehicular Equipment Replacement Timetable—Attachment B

	Annual/Five Year Vehicular Equipment Replacement Plan	Vehicular Equipment Replacement
Month	Task	Task
May	n/a	Timetable for planned equipment/vehicle replacements for the next eighteen (18) months submitted to the village manager's office for approval
June	n/a	Specifications developed; bids sought and approved
July	n/a	Specifications developed; bids sought and approved
August	n/a	Specifications developed; bids sought and approved
September	Engineering & public works director and support services superintendent meet with finance department staff to review the status of the	Specifications developed; bids sought and approved

	equipment/vehicle replacement fund in light of proposed replacements for the prospective five (5) years	
October	Engineering & public works director and support services superintendent meet with each department director and designated representatives to review the performance of capitalized equipment and vehicles and the replacement schedule for the upcoming five (5) fiscal years within context of the village board adopted replacement schedule; deviations from the adopted replacement schedule, i.e., delays or advancements in replacement due to lower than expected usage, satisfaction with performance, shall be highlighted	Specifications developed; bids sought and approved
November	Engineering & public works director and finance department representatives meet with the village manager's office staff to review the draft replacement plan for capitalized equipment and vehicles; increased costs beyond what is available in the equipment/vehicle replacement fund shall be highlighted; manager make changes as desired	Specifications developed; bids sought and approved
January	Recommendations for upcoming fiscal year are placed in the budget document	Specifications developed; bids sought and approved
February	n/a	Specifications developed; bids sought and approved
March	n/a	Specifications developed; bids sought and approved
April	Village Board adopts or modifies the five-year equipment/vehicle replacement plan as an element of the adoption of the annual budget	Specifications developed; bids sought and approved
		Timetable for planned replacements of equipment/vehicles for next eighteen

		(18) months is prepared by fleet services foreman and support services superintendent; reviewed with the engineering & public works director, finance department, and operating departments
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Guidelines for Equipment and Vehicular Replacement—Attachment C

Departments	Class Code	Class Name	Description	Months Or Miles/Hours, Whichever Occurs First
Fire	4	Large sedan	Over 110" WB, over 3,400 GVW	84 months/90,000 miles
Police	5	Police sedan-patrol	Over 110" WB, over 3,400 GVW	36 months/90,000 miles
Police	8	Police investigation	Sedans	36 months/no mileage clause
Police	9	CSO vans	Cargo vans	48 months/90,000 miles
Fire	10	Minivan	Under 6,000 GVW	72 months/60,000 miles
Engineering & Public Works	11	Van class 2	6,001-10,000 GVW	120 months/90,000 miles
Engineering & Public Works	12	Van class 3	10,001-14,000 GVW	84 months/90,000 miles
Engineering & Public Works	13	Van class 4	Over 14,000 GVW	120 months/5,000 hours
Engineering & Public Works	20	2 WD utility vehicle class 1	Under 6,000 GVW	84 months/90,000 miles
Engineering &	21	2 WD utility	6,000-10,000 GVW	72 months/60,000 miles

Public Works		vehicle class 2		
Engineering & Public Works	22	2 WD truck class 1	Under 6,000 GVW	84 months/90,000 miles
Engineering & Public Works	23	2 WD truck class 2	6,000-10,000 GVW	84 months/60,000 miles
Engineering & Public Works	24	2 WD truck class 3	10,001-14,000 GVW	84 months/60,000 miles
Engineering & Public Works	25	2 WD truck class 4	14,001-16,000 GVW	96 months/60,000 miles
Engineering & Public Works	26	2 WD truck class 5	16,001-19,500 GVW	96 months/6,000 hours
Engineering & Public Works	27	2WD truck class 6	19,501-26,000 GVW	96 months/6,000 hours
Engineering & Public Works	28	2 WD truck class 7	26,001-33,000 GVW	120 months/6,000 hours
Engineering & Public Works	29	2 WD truck class 8	33,001-50,000 GVW	144 months/6,000 hours
Police	40	4 WD utility vehicle class 1	Under 6,000 GVW	84 months/90,000 miles
Engineering & Public Works	41	4 WD utility vehicle class 2	6,001-10,000 GVW	84 months/90,000 miles
Engineering & Public Works	42	4 WD truck class 1	Under 6,000 GVW	72 months/60,000 miles
Engineering & Public Works	43	4 WD truck class 2	6,001-10,000 GVW	72 months/72,000 miles
Engineering & Public Works	44	4 WD truck class 3	10,001-14,000 GVW	72 months/72,000 miles

Engineering & Public Works	45	4 WD truck class 4	14,001-16,000 GVW	96 months/6,000 hours
Engineering & Public Works	46	4 WD truck class 5	16,001-19,500 GVW	96 months/6,000 hours
Engineering & Public Works	47	4 WD truck class 6	19,501-26,000 GVW	96 months/6,000 hours
Engineering & Public Works	48	4 WD truck class 7	26,001-33,000 GVW	120 months/6,000 hours
Engineering & Public Works	49	4 WD truck class 8	33,001-50,000 GVW	120 months/6,000 hours
Engineering & Public Works	50	Tandem axle truck		120 months/8,000 hours
Fire	51	Ambulance		96 months/10,000 hours
Fire	52	Rescue squad		120 months/9,000 hours
Fire	53	Fire engine	Water carrying pumper truck	144 months/6,000 hours
Fire	54	Fire truck	Ladder carrying truck	120 months/6,000 hours
Engineering & Public Works	56	Sweepers	Mechanical vacuum	84 months/7,500 hours
Engineering & Public Works	57	Sewer cleaners	Flusher/rodder/vacuum	84 months/5,000 hours
Engineering & Public Works	58	Utility tractor	Farm tractor	120 months/5,000 hours
Engineering & Public Works	59	Backhoe light duty	Under 1.25 Cy bucket	96 months/4,000 hours
Engineering & Public Works	60	Backhoe heavy duty	Over 1.25 Cy bucket	120 months/6,000 hours

Engineering & Public Works	61	Skid steer loader		120 months/5,000 hours
Engineering & Public Works	62	Wheel loader >2 Cy	Articulating-under 2 Cy bucket	120 months/5,000 hours
Engineering & Public Works	63	Wheel loader <2 Cy	Articulating-over 2 Cy bucket	120 months/5,000 hours
Engineering & Public Works	64	Air compressor	Trailer mounted 100-200 CFM	120 months/5,000 hours
Engineering & Public Works	65	Wood chipper	Trailer mounted drum wood chipper	120 months/5,000 hours
Engineering & Public Works	66	Asphalt paver	Tow behind paver	96 months
Engineering & Public Works	67	Roller	Articulated	96 months
Engineering & Public Works	68	Asphalt sprayer	Applicator of asphalt emulsion	96 months
Engineering & Public Works	69	Crack sealer	Applicator of heated rubberized asphalt	60 months
Engineering & Public Works	75	Cement mixer	Tow behind	96 months
Engineering & Public Works	77	Concrete saw	Walk behind/crack	60 months
Engineering & Public Works	78	Tracked tractor	Skid type w/tracks	120 months/5,000 hours
Engineering & Public Works	79	Pump <4"	Less than 4" water pump	120 months
Engineering &	80	Pump >4"	More than 4" water pump	120 months

Public Works				
Engineering & Public Works	81	Trencher		120 months
Engineering & Public Works	82	Portable generator	Ground power unit	48 months
Engineering & Public Works	83	Trailer mounted generator	Ground power unit	144 months
Engineering & Public Works	84	Trailer light duty	Under 6,000 GVW	120 months
Engineering & Public Works	85	Trailer medium duty	6,001_10,000 GVW	120 months
Engineering & Public Works	86	Trailer heavy duty	Over 10,000 GVW	120 months
Engineering & Public Works	88	Stump grinder		84 months
Engineering & Public Works	89	Snowblowers	Large truck/loader mountes	120 months
Engineering & Public Works	90	Grounds sprayer		96 months
Engineering & Public Works	91	Large plows	Airport/specialized	120 months
Engineering & Public Works	99	Miscellaneous equipment		120 months

GVW stands for gross vehicle weight.