

## Vehicle Replacement Fund Policy

*DRAFT*

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### **PURPOSE**

The City of Smyrna owns and uses vehicles, road-construction and other heavy equipment, tractors, trailers, and similar assets in conducting city business. This policy and procedures section is designed to produce the desired outcomes of:

- Predictability in establishing annual budgets for asset replacement.
- Predictability for the Departments in planning for replacement and use of assets.
- Minimized wait times between identifying the need to replace an asset and receipt of the new asset.
- Conservation of tax dollars by achieving optimum useful life from each asset.
- Enabling employees to conduct City business by providing appropriate equipment.

### **POLICY**

Vehicles, heavy equipment, tractors, and similar assets will be purchased, maintained, used, and retired in a manner that provides the best return on investment. The policy for replacement of these classes of assets is designed to accomplish this goal, while assuring that appropriate equipment is available to effectively conduct city business.

### **PROCEDURES**

#### **A. Funding for Asset Replacement**

A Vehicle Replacement Fund shall be established and maintained for the systematic, timely replacement of vehicles, road machinery, tractors, trailers, and similar assets. This will be a reserve account, with the fund balance carried forward each fiscal year.

As part of the annual budget process, the Finance Department will recommend an estimated amount to be added to the fund. Proposed amounts will be based on an annuity that will enable relatively consistent amounts to be added to the Vehicle Replacement Fund each year.

#### **B. Criteria for Replacement**

City departments should use assets until it is no longer advantageous to keep them, due to economic, obsolescence or other reasons. Guidelines as to expected useful life of assets have been established using age, mileage or both as criteria, as appropriate. The guidelines assume proper maintenance and repair of the assets.

Guidelines for replacement of vehicles are based on mileage and age, as follows:

<b>Vehicle Type</b>	<b>Mileage Limit</b>	<b>Age Limit</b>
Police Cruisers	140,000	20 yrs
Police Admin/Detective Vehicles	150,000	20 yrs
Fire Medics	150,000	20 yrs
Fire Vehicles	150,000	20 yrs
Fire Trucks	150,000	15 yrs
Sedans	150,000	20 yrs
Pick Ups	150,000	20 yrs
Medium Diesel Trucks	125,000	15 yrs
SUVs/Vans	150,000	20 yrs
Dump Trucks	100,000	10 yrs
Sanitation/Recycling Trucks	100,000	15 yrs
Backhoes	15,000 hrs	20 yrs
Bobcats	10,000 hrs	20 yrs
Front Loaders	15,000 hrs	20 yrs
VacCons	125,000	15 yrs
Takeuchis	15,000 hrs	15 yrs

Replacement guidelines for other assets that do not fit these descriptions will be established on a case-by-case basis as needed.

A vehicle may be considered for replacement regardless of the scheduled minimum replacement criteria if determined that the vehicle was been wrecked, damaged or that the vehicle is otherwise unsafe and inoperable beyond economical repair. Such decisions will be made by the Fleet Maintenance Supervisor after consulting the operating department head.

### **C. Maintenance and Care of Asset**

The department head who is custodian for an asset will be responsible for maintaining it in good repair and working condition until it is replaced. Records should be kept by each department to document regular maintenance and reasonable care that preserve the utility of each asset.

### **D. Replacement Planning**

The Finance Department will prepare a spreadsheet that identifies, based on available information within the asset inventory system, all of the assets that will meet replacement guidelines at the beginning of the upcoming fiscal year. The Finance Department will forward the draft document to other departments, who will update mileage or other data as needed, and return it to Finance.

The list of vehicles that will meet replacement guidelines will be edited based on department's input and will be forwarded to the Fleet Maintenance Supervisor. The Fleet Maintenance Supervisor will determine if the asset can be economically repairs and returned to duty, or it should be retired from its present use for safety, economic, or other concerns. If the asset can no longer be appropriately used in its present capacity, the Fleet Maintenance Supervisor will recommend whether the City should retire

the asset or use it in another capacity. The recommendation will consider the estimated remaining useful life, cost to maintain, anticipated downtime, or any other pertinent facts.

After the Fleet Maintenance Supervisor's review, the Finance Department will prepare a list of vehicles scheduled to be replaced in the upcoming fiscal year and will include it with the upcoming annual budget to be approved and authorized by Mayor & Council. Timeframes and deadlines for the various stages of this document will be established by the Finance Department each year in order to include the information in the overall budget development process.

### **E. Additions to the Fleet**

Requests for additional vehicles that would add to the City's fleet will be considered separately by Mayor & Council through the annual budget process as these require policy decisions whether or not to increase the annuity to fund the Vehicle Replacement Fund. Approved additions will be funded through the Vehicle Replacement Fund along with the vehicle replacements during the scheduled fiscal year.

### **F. Replacement Process**

All vehicles authorized to be replaced by Mayor & Council through the annual budget process will be scheduled for replacement through cooperation of the Purchasing Manager, Fleet Maintenance Supervisor and the operating Department Head. Purchase of all vehicles will be subject to the City's purchasing policy.

### **G. Included Items**

The following distinctions are provided to clarify what types of items should be included in an asset replacement proposal, and what types of items should be a separate purchase decision. For this purpose two categories of property are considered:

1) *Attachment* – tangible property that is usually actually attached to the “parent” asset (e.g. automobile or truck), and they function as one piece of equipment. In general, an attachment should:

- Have the same person responsible for the parent asset and the attached item.
- Be financially depreciated in the account records with the parent asset.
- Plan to be disposed of with the parent asset or removed and transferred to a different parent asset later.

Examples of attachments would include decals, light bars, push bumpers, headlight flashers, or prisoner cages.

2) *Component* – tangible property that is related to, but not an integral part of, another asset. Generally, a component will:

- Be able to function away from the parent asset, either as a stand-alone unit or with another parent.
- Be financially depreciated (if applicable) separately from the parent asset.

- Be inventoried and tracked separately from the parent asset.
- Ordinarily be disposed of separately from the parent asset.

Examples of components include 800 MHz radios, digital video cameras, or shotguns.

The department head should request any attachment items along with a new “parent” asset. Component items will be part of a separate purchasing decision process and, in general, should be considered as part of the annual budget development process, apart from vehicle or other “parent” asset replacement.

#### **H. Disposal or Sale of Assets**

Vehicles which the Fleet Maintenance Supervisor recommends for retirement will be disposed of according to the City’s purchasing policy. Any proceeds from sale of these assets will be received as revenue into the Vehicle Replacement Fund.