



LEWIS COUNTY EQUIPMENT RENTAL AND REVOLVING FUND POLICY

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1 Overview

The Equipment Rental and Revolving (ER&R) Fund was established to manage the maintenance and replacement funds to ensure sufficient funds are available when needed. This allows the County to focus on maintenance and increasing government efficiency by providing a way to allow expensive vehicles, equipment, and supplies to be rented to all County departments and offices.

Per RCW 36.33A.010, all counties are legally required to establish an ER&R Fund for operating county road departments. ER&R Funds may be expanded to provide services to other departments or offices including public works, utilities, fire, and police.

The Lewis County ER&R Fund was initially established and adopted by the Board of County Commissioners (BOCC) through Resolution in December 1977. In January 1983, the BOCC approved Resolution 83-29, Establishing Equipment Rental and Revolving Fund, which repealed and replaced Resolution 77-591 approved in 1977. In September 2023, the BOCC approved Resolution 23-303 which repealed and replaced the Equipment Rental and Revolving Fund Resolution 83-29 approved in January 1983.

All Lewis County vehicles purchased with County revenues fall under the authority of the BOCC. The Lewis County BOCC delegated administration of the County ER&R Fund to the Director of Public Works.

1.1 Purpose

The purpose of this document is to rescind and replace Resolution 23-303 with a revised Equipment Rental and Revolving Fund Policy for Lewis County that provides specific guidance for managing and administering the fund as follows;

- Manage, maintain, repair, and replace equipment and vehicles, including parts, materials, fuel, and supplies,
- Manage and maintain aggregates and pits and quarries operations and inventories,
- Identify procedures for establishing rental rates, replacement cycles, and service levels for all County owned vehicles,
- Ensure the availability of safe, cost effective, and reliable vehicles that meet the County's needs.

This Policy applies to vehicles owned by the ER&R Fund and does not apply to vehicles owned and maintained outright by a department or office.

1.2 Administering the ER&R Fund

The ER&R Fund is an internal service fund and the purpose of this fund is to establish rates that both optimize costs and maintain the role and sustainability of the ER&R Fund. Revenues collected for the replacement of vehicles are the property of the ER&R Fund and shall be invested only in allowable investments and not transferred to other funds. The Public Works Director is responsible for ensuring that ER&R has adequate funds available to cover costs associated with both normal operations and annual vehicle replacement needs. ER&R must also have adequate reserves to cover expenses which may be incurred from unforeseen catastrophic events.

The Fleet Services Manager maintains an asset record for each vehicle in the fleet. The asset record helps the Public Works Department capture a complete vehicle history for each individual asset including original purchase price, usage, fuel consumption, service, repair information, depreciation, and salvage value. These components are used to determine appropriate vehicle rental rates.

The fund balance of the ER&R Fund shall reflect a level that is anticipated to ensure continued operation of the fund. Management policies shall support the amount of cash reserves necessary for continued operation of the fund and timely replacement of vehicles or equipment as determined during the rate setting process.

2 Definitions

- **ER&R Balance** – The remaining revenue applied to the replacement bank for an individual vehicle or piece of equipment after revenue is applied to the actual costs of maintenance and repairs of that vehicle or piece of equipment.
- **Fleet Management Program** – Application used by the Fleet Services Division to track ER&R vehicles, vehicle use (hours and miles) parts inventory, fuel usage, maintenance records, and vehicle work orders. This application is one of the tools used for the overall management of the County's ER&R Fund.

- **Fleet Services Division** – A division of the Public Works Department responsible for the oversight and management of the Lewis County ER&R Fund and the maintenance, repair, and/or replacement of vehicles and equipment within the ER&R Fund.
- **Internal Service Fund** – A fund primarily used for activities that provide goods and services to other offices, departments, or other governments on a cost reimbursement basis. If the contributed nonmonetary assets were originally acquired with restricted resources, the usage and disposal shall be monitored to ensure one fund does not benefit from another. Contributed capital to be managed for the benefit of the contributing fund. This fund requires 100% recovery of all costs to manage contributed capital until fully consumed or otherwise disposed of or all costs to manage contributed capital plus adequate funding for future asset replacement.
- **Life Cycle** – The number of years estimated to be the useful life of a vehicle or piece of equipment (period in which the replacement rate is collected).
- **Monthly Replacement Rate** – A monthly rate used to accrue the ER&R Balance for the specific vehicle or piece of equipment over the life cycle of the vehicle or equipment. The rate is developed based on estimated replacement value, salvage value, and life cycle for the specific vehicle or piece of equipment.
- **Rental Rate** – The overall rate charged to an office or department for the use of vehicles or equipment within the ER&R Fund. A rental rate is the sum of the direct and fixed costs and the Monthly Replacement Rate (if applicable) of a vehicle or piece of equipment.
- **Replacement Cost** – The anticipated cost to replace the vehicle or piece of equipment at the end of its life cycle (this should be reevaluated on an annual basis using market trends and changes).
- **Roads Fund** – The Road Fund or “County Road Fund” as defined by RCW 36.82.010 is the county fund where all revenues for use on county roads shall be credited or deposited. Management and oversight of the Roads Fund is the responsibility of the County Engineer and shall be used in accordance with RCW 36.82.070.
- **Market Value** – Estimated value based on current market, historical market trends, vehicle condition, and availability.
- **Salvage Value** – Estimated value of a vehicle or equipment remaining at the conclusion of its life cycle.
- **Vehicles** – Any piece of equipment, sedan, SUV, pickup, motorcycle, or other items owned within the ER&R Fund and managed by the Public Works Department.

3 Rate Setting

The Public Works Director is responsible for the preparation of annual rates for all vehicles within the ER&R Fund and providing recommendations to the Board as part of the annual budget development process. The Fleet

Services Manager shall develop rates for all office and department vehicles, and they will work in collaboration with the County Engineer on preparation of the rates for the Roads Division vehicles. The County Engineer shall be responsible for reviewing the proposed rental rates and certifying to the BOCC the proposed rates are an appropriate use of county road funds as per RCW 36.80.

Rates shall reflect all applicable annual expenses, including inflation, fuel, labor and parts for repairs and service, insurance, indirect costs, and overhead. Rental rates for all vehicles within a department or office are calculated per class of vehicle (such as sedans, SUV's, light duty pickups, heavy trucks, equipment, etc.). Vehicles shall be tracked individually for operation, maintenance, depreciation, and replacement. Vehicles will be grouped with like units when possible. Rental rates for grouped vehicles will be averaged per hour.

The BOCC approves rental rates each year as part of the annual budget development and approval process. The Public Works Director and County Engineer may make adjustments within any year to reflect rapidly changing cost factors. These factors could include, but are not limited to, increased expenses or changes in usage patterns. If deemed appropriate, the Public Works Director and/or the County Engineer will present interim adjustments to the BOCC for review and approval.

3.1 ER&R Vehicles

The rates are calculated on an annual basis and include the following elements:

1. Direct Costs – Operations (i.e., repairs, maintenance, fuel, and fuel surcharge, etc.)
2. Fixed Costs – Overhead (salaries, benefits, facilities, utilities, insurance, etc.)
3. Replacement – Replacement (salvage, new equipment, inflation, upfit costs, etc.)

3.2 Non-ER&R Vehicles

Some departments and offices within Lewis County choose to own their vehicles rather than have them be part of ER&R. The maintenance and replacement of a vehicle that is not part of ER&R is the responsibility of the department or office who owns the vehicle. They may choose to utilize a third-party vendor for service and maintenance, or they can put in a request to the Fleet Services Manager for maintenance or service to be provided by Motorpool. If the Fleet Services Manager determines the Motorpool shop can accommodate the request, an appointment will be scheduled around the rest of the Motorpool ER&R work. Once the required work is complete, the department or office (who owns the vehicle) will be invoiced based on actual costs of the maintenance and/or repairs completed. The actual costs will include all labor, parts, and materials required to administer and complete the work.

4 New, Replacement, and Disposal of Vehicles

The ER&R Fund will only fund replacement of equipment or vehicles accounted for in the ER&R Fund's existing asset schedule. New vehicles are typically purchased as replacements for older vehicles in the fleet. Replacement schedules are developed by evaluating a combination of factors, including years in service, mileage, cost of operation and available funding. These factors, together with the anticipated needs of the applicable departments and offices, determine replacement requirements. Planned replacement of vehicles keeps operational expenses in check, provides safe, reliable transportation for employees; and demonstrates responsible management of County fleet assets within the ER&R Fund.

New assets not listed in the asset schedule will need to be accounted for in the budget process and approved by the BOCC before purchasing. Unless requested by a director or elected, all new vehicles will be assigned as an asset, added to the ER&R Fund, and placed on a replacement cycle.

The Fleet Services Manager will coordinate with departments and offices when procuring new vehicles or surplus old vehicles to make sure their ER&R information is accurate. The Fleet Services Manager will ensure all new vehicles purchased are placed in ER&R and included in the ER&R budgeting process and approved by the BOCC.

4.1 Replacement Criteria

The Fleet Services Manager is responsible for maintaining the vehicle and equipment lists and identifying when a vehicle or piece of equipment qualifies for replacement. It is the County's intention to keep rental rates as low as possible. When purchasing vehicles, the intent is to procure a vehicle that meets the office or department needs while being mindful of purchase price, fuel efficiency, appropriate class size, make, and model.

The Fleet Services Manager will coordinate with departments and offices to determine when the vehicle should be replaced. If the elected or director is not satisfied with the Fleet Services Manager's decision, they may submit, in writing, reasons for disagreement to the Public Works Director for review. If a resolution is not achieved at this level, the issue will be referred to the BOCC for final resolution.

Vehicle replacement will be done in accordance with the following criteria unless otherwise requested from a director or elected and approved by the BOCC. The County Engineer and/or Public Works Director, on a case-by-case basis, may make adjustments or accommodations for the replacement of heavy equipment used by the road maintenance shops.

The replacement criteria are as defined below:

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|----------------------|--|
| • Sedan/SUV | 15 yrs. of service and/or 180,000 miles |
| • Light Duty Trucks | 8 - 12 yrs. of service and/or 180,000 miles |
| • Medium Duty Trucks | 7 - 10 yrs. of service and/or 180,000 miles |
| • Patrol Vehicles | 7 - 8 yrs. of service and/or 150,000 miles and/or dependability |
| • Dump Trucks | 15 - 20 yrs. of service and/or dependability |
| • Equipment | 10,000 – 16,000 hrs. and/or dependability and/or 20 years of service |

4.2 Requesting New Vehicles

The requesting department or office will be required to fund new or additional vehicle or equipment purchases (excluding replacement of existing vehicles or equipment already managed through the ER&R Fund). Requests must be made in writing to the Fleet Services Manager. The Fleet Services Manager will review the request and work with the department or office to help provide the information needed for budget approval. With approval from the Public Works Director, the Fleet Services Manager shall have responsibility for acquiring Lewis County fleet vehicles using a method that complies with the Lewis County Procurement Policy and all State and Federal procurement requirements.

The Fleet Services Manager shall be responsible for compiling the necessary information to support making the most cost-efficient purchase of all fleet vehicles, considering purchase price, maintenance, repair, operating costs, and resale value. Acquisition of fleet assets shall be selected, acquired, and utilized providing the best

possible support of County operations and be environmentally responsible in accordance with the Fleet Management Plan and Procedures.

4.3 Replacement Vehicles

Each vehicle purchased within ER&R will have a replacement value assigned when added to the fleet. Funding for a replacement vehicle shall come from the monthly replacement rate collected for that specific vehicle unless otherwise approved by the BOCC.

If the vehicle being replaced was purchased from a fund other than the ER&R Fund, the department or office to which the vehicle is assigned shall budget for the replacement.

4.4 Funding Upgrades

Replacement vehicles, including upfit materials, are to be of a similar size and value as the original vehicle or equipment. Upgrades to fleet vehicles shall be requested during the budget process. Changes in the type or size of fleet vehicles require advance approval by the BOCC or designated appointee.

4.5 Procurement

The procurement of any new vehicle and equipment shall comply with all Local, State, and Federal procurement requirements. All vehicles shall be procured using a competitive bidding process unless the best economical rate can be obtained through one of the following government contracts;

- **Sourcewell:** This membership gives the county competitive purchasing power on a wide variety of products and services to include construction, fleet, roads, public safety, facilities etc. You can browse the website to view contractors and products. Contact Procurement department for more specifics.
- **Washington State Department of Enterprise Services:** As a county government we are allowed to participate in the Washington Statewide purchasing contract.
- **US General Services Administration:** GSA Purchasing is a centralized procurement area for the federal government, GSA offers products, services, and facilities needed by federal agencies for serving the public.

4.6 Receiving New Vehicles

The Fleet Services Manager or designated appointee will contact the department or office receiving the new asset to schedule a pick-up time. This will ensure the Fleet Services Division has sufficient time to: get any license work done; schedule and complete the necessary upfit; and inspection of the asset before putting it into service. The Public Works Accounting Division will submit the asset documentation to the Lewis County Auditor's office and the Fleet Services Manager will initiate a vehicle record in the Fleet Management program.

4.7 Surplus Vehicles

Prior to surplus a vehicle, the original funding source will be identified for possible restrictions and repayment. Original purchase information should be verified with the Auditor's Office capital asset records. The County's standard business practice shall be to surplus vehicles on a regular schedule as defined in this policy. As a vehicle approaches the end of its designated life cycle, final disposition becomes a managerial decision based on a combination of factors. Each vehicle must be considered individually in terms of reliability, maintenance, safety,

and salvage value. Adequate record keeping, and analysis of vehicle costs are very important to timely and effective disposition. The Fleet Services Manager will review all pertinent vehicle information and work with department/office managers in making final vehicle disposition decisions. Once a final decision is made to remove a vehicle from the fleet, the method of disposal must be identified, the timing of disposition determined, and decommissioning procedures completed.

The Fleet Services Manager will work with the Public Works Director on the preparation of a list of vehicles ready to surplus on an as needed basis and present it to the BOCC for approval to declare them surplus. Once approval has been given by the BOCC, the Fleet Services Manager will coordinate with the department or office to have the vehicle delivered to the appropriate shop for decommissioning and preparation for surplusing. Decommissioning includes removing county decals, radios, and any other parts that are valuable to the county. Light bars, county decals, cages, and push bumpers shall be removed from all law enforcement vehicles. Surplus assets will be made available to the public through a local auction, online auction site, or other means as approved by the BOCC, Lewis County Code and Procurement Policy. The Fleet Services Manager will work to ensure the vehicle does not go in for decommissioning until the replacement vehicle has been delivered and is ready to be put into service.

Revenues resulting from the sale of a vehicle shall be returned to the ER&R Fund for the specific vehicle sold.

4.8 Transferring Vehicles

The Fleet Services Manager may evaluate the possibility of re-assigning and/or repurposing a vehicle which a director or elected official decides is no longer needed. For all vehicles within ER&R, the Fleet Services Manager may use their discretion to determine whether to re-assign any vehicle within ER&R or to another department or office. The receiving department or office will reimburse the ER&R Fund the current market value of the transferred vehicle, as determined by the Fleet Services Manager, at the time of transfer. The receiving department or office will assume the rental obligation and any upfit costs of the transferred vehicle. Any vehicle transfer must be approved by the Public Works Director.

Exceptions to this plan can be made if due to some unforeseen circumstances the need arises for a new or replacement vehicle and a new vehicle has not been budgeted previously. A request can be made by the specific director or elected official to the Public Works Director to consider utilizing one of the vehicles on the surplus list to fulfill the need. This request shall be considered on a case-by-case basis and a decision made based on what is most fiscally responsible for the County and its taxpayers.

5 Pits and Quarries

Pits and quarry operations are funded with operating capital and shall be repaid by the Roads Fund (maintenance, projects, etc.) as materials are loaded and hauled from stockpile locations. Rates for the products shall be established by the County Engineer and shall be reviewed on an annual basis to ensure they are still appropriate. The rates shall be developed to include all costs associated with permitting, production, haul, maintenance, administration, and all other costs associated with the production, hauling, and stockpiling of the materials.

Fleet Services Manager

TIM MIXER

County Engineer

WES ANDERSON, PE

Public Works Director

GEOFF SODERQUIST, PE