

 <p style="text-align: center;">STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES</p> <p style="text-align: center;">Policy and Procedure</p>		POLICY AND PROCEDURE NUMBER 11.05.020	PAGE 1 of 8
		EFFECTIVE DATE March 14, 2005	
SUBJECT Equipment Replacement		SUPERSEDES DPDR 11.05.020	DATED 11/15/2002
TITLE State Equipment Fleet	CHAPTER Equipment Assignment, Replacement, and Disposal	APPROVED BY <i>Mike Barton</i>	

PURPOSE

Introduction:

- A. One of the primary responsibilities of the State Equipment Fleet (SEF) is to replace vehicles and equipment when they are at the end of their economic life. SEF replaces vehicles and equipment on an annual basis from approved funds from the Highway Equipment Working Capital Fund (HEWCF). Additional equipment procurement and/or replacements are done by SEF for other agencies who furnish their own funds and who have separate replacement eligibility guidelines. Non HEWCF agencies will be charged for this service when SEF is required to prepare a special bid and/or specifications to process or procure their equipment.
- B. Per AS 36.30.005, DOT&PF (through SEF) provides vehicle and equipment procurement services to all state agencies with the exception of Alaska Housing Authority, Alaska Energy Authority, the Alaska Railroad, and the University of Alaska. These agencies have statutory authority to purchase for themselves, but they can elect to have SEF provide this service.
- C. The purpose of this procedure is to provide guidelines for determining when HEWCF vehicles and equipment are eligible for replacement, and to describe the process of accomplishing replacement.

PROCEDURE

A. Replacement Eligibility Criteria.

1. Depending on the availability of funds, vehicles and equipment will be replaced when they are at the end of their economic life, no longer safe to operate, not reliable enough to perform their intended function, or there is a demonstrated cost saving to the State of Alaska.

2. Although other factors may be considered in the final decision to replace or not replace a unit, the primary criteria used to initiate the review for replacement eligibility are:

- a. Age in years also known as life.
- b. Usage in hours or miles.
- c. Cost of Maintenance.
- d. Overall condition: mechanical, operating, safety, or appearance.

B. The average replacement eligibility criteria for age and usage for each class of equipment are shown in Attachment A.

C. Replacement and Review Process.

1. The fleet will be reviewed annually by the Fleet Manager, Fleet Accountant, and Contracting Officer to determine replacement requirements, funding allocations, and bid priorities.
2. District Managers will receive reports of all vehicles, equipment and attachments expected to be in "Z" or replacement status that year.
3. The District Managers will be responsible for reviewing the list, preparing condition reports, and actively managing the replacement program in their area.
4. A condition report (see Attachment B) will be generated for all units considered for replacement and forwarded to HQ Procurement. The condition report will include:
 - a. The overall status of the unit
 - b. Any special user requirements for the replacement including color, class change, options and accessories, or useful life change.
 - c. For upgrades or downgrades a request or signature from the end user showing approval.
 - d. A request for priority replacement if the unit needs to be replaced outside of the existing procurement schedule.
5. The R Date in EMS will be changed to reflect the latest replacement status of the unit.

6. HQ Procurement will contact the user agency to discuss the replacement of the vehicle. Within the constraints of safe and cost effective operation as determined by the Fleet Manager, the user agency shall be given the choice of the need to replace, the timing of replacement, the replacement vehicle type, and accessories and attachments needed.

D. Funding Review.

All recommended purchases will be reviewed for availability of funds and an over/under replacement analysis will be performed. For rental units the amount of net replacement fees paid by the User Agency (including the salvage value in EMS) for the unit being replaced will be calculated. User Agencies will be required to have accumulated sufficient net replacement fees to cover the entire amount of the rental unit replacement cost. If the net replacement fees are not sufficient to cover the cost of the replacement unit the User Agency will be required to provide supplemental funding such as earned replacement credits or alternative capital budget. Net rental fees in excess of the amount needed to pay for the replacement will be issued as credits to the User Agencies. The SEF Manager will determine funding priorities.

E. Procurement.

The Procurement Specialist will prepare written purchase requisitions (PR's) for each unit being replaced. PR's will be reviewed and approved by the SEF Manager. Completed and signed PR's will be forwarded to the SEF Contracting Officer for inclusion into the procurement bid. Final specifications and bid package preparation will be performed under the direction of the SEF Contracting Officer.

F. AIP Equipment.

Certain equipment replacement is paid for with FAA Airport Improvement Program (AIP) funds. Such equipment replacement will be conducted using the applicable DOT&PF Statewide Aviation procedures.

Definitions:

Additional Equipment

Equipment or vehicles purchased for agencies using appropriations other than the HEWCF funds appropriated to DOT&PF. These units do not fall under the replacement eligibility guidelines.

Economic Life

The point where the cost to continue maintaining a unit in service exceeds the incremental cost of replacement.

HEWCF Equipment

Equipment that is purchased with funds from the Highway Equipment Working Capital Fund.

Replacement Eligibility

HEWCF equipment and vehicles are eligible for consideration for replacement when they have reached or exceeded their established life and/or class usage criteria (hours, miles, etc.) and are no longer economically suitable for retention in the fleet because of overall condition.

Early Replacement

Excluding attachments, the replacement of a vehicle for any reason prior to the end of its established lives in both age and usage requires the approval of the operating department's commissioner.

"Z" Status

When vehicles and equipment are fully amortized, have lower usage criteria (miles or hours) than required by replacement guidelines, and are still in good condition, their life may be extended. Such vehicles or equipment are designated as being in "Z" status.

"R" Date

The projected date the unit will be replaced

Attachments:

Attachment A: Schedule of Class Lives

Attachment B: Condition Report.

Attachment C: Example EMS "R" Date Annotation

AUTHORITY

AS 36.30.005

Department Policy (DPOL) 11.05.001 Equipment Replacement Criteria.

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IMPLEMENTATION RESPONSIBILITY

Responsibility/Performance:	
SEF Manager	Conducts administrative reviews of the equipment fleet on a regular basis and submits vehicle and equipment replacement reports for review by the SEF District Managers. Review and approve replacement requests and authorize the expenditure of HEWCF funds.
SEF District Manager	Submit condition reports and recommendations to SEF Headquarters.
SEF Contracting Officer	Initiate purchasing schedules and bids after consolidating equipment needs.

DISTRIBUTION

All state employees via the DOT/PF website

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ATTACHMENT A: SCHEDULE OF CLASS LIVES				
CLASS	METER	TARGET USAGE	LIFE RANGE	TYPICAL LIFE
Trooper, except interceptors	Miles	100,000	4 to 10	5
Trooper interceptors	Miles	100,000	3 to 6	4
All other light duty	Miles	100,000	2 to 15	7
Medium duty trucks & buses	Miles	100,000	5 to 20	10
Medium duty trucks & buses	Hours	5,000	5 to 20	10
Heavy duty trucks & buses	Miles	250,000	10 to 20	12
Heavy duty trucks & buses	Hours	10,000	10 to 20	12
Tractors, backhoes, skid steer	Hours	5,000	10 to 20	15
Wheel loaders	Hours	10,000	10 to 20	15
Graders	Hours	15,000	10 to 20	15
Track loaders	Hours	6,000	10 to 20	15
Crawler dozers	Hours	10,000	10 to 20	15
Forklifts	Hours	5,000	10 to 20	15
Other road maintenance	Hours	5,000	10 to 20	15
Sweepers	Hours	5,000	5 to 10	7
Runway brooms	Hours	5,000	10 to 15	12
Traffic line markers	Hours	5,000	10 to 20	15
Brush Cutters	Hours	5,000	5 to 10	7
Sanders, non stainless	NA	NA	5 to 10	7
Sanders, stainless	NA	NA	10 to 20	15
Steamers & boilers	NA	NA	5 to 10	7
Air Compressors	Hours	5,000	10 to 20	15
Trailers	NA	NA	10 to 20	15
Auger drills	Hours	5,000	10 to 20	15
Snow blowers, loader mount	Hours	5,000	10 to 15	10
Snow blowers, self propelled	Hours	5,000	10 to 20	15
Attachments	NA	NA	< = to host unit	

LIGHT-DUTY VEHICLE REPLACEMENT EVALUATION

16-2967

VEHICLE NO. 30355 DESCRIPTION PU STD RCAB 4X2 1/2 TON

PAGE NO 31

CLASS 122 YEAR 1992 MAKE CHEV. MODEL CC10903

USER INFORMATION DNR PARKS MAT-SU 745-3975 (10PK) LOCATION USED PALMER ECF

10710234 SHOP PALMER SHOP CA MILES 90,250 HOURS

CONDITION 91372

- ENGINE CONDITION GOOD FAIR POOR
- TRANSMISSION CONDITION GOOD FAIR POOR
- TRANSFER CASE CONDITION GOOD FAIR POOR
- REAR DIFF CONDITION GOOD FAIR POOR
- FRONT DIFF CONDITION GOOD FAIR POOR
- SUSPENSION CONDITION GOOD FAIR POOR
- STEERING CONDITION GOOD FAIR POOR
- BRAKES CONDITION GOOD FAIR POOR
- TIRE CONDITION GOOD FAIR POOR
- GLASS CONDITION GOOD FAIR POOR
- BODY CONDITION GOOD FAIR POOR
- BOX CONDITION GOOD FAIR POOR
- MISC CONDITION 1 GOOD FAIR POOR
- MISC CONDITION 2 GOOD FAIR POOR
- MISC CONDITION 3 GOOD FAIR POOR

GENERAL CONDITION COMMENTS

Loose on FWD-R&U
Shift - might be differential

NEEDS SHOCKS?

Windshield chipped &
small cracks

INSPECTION BY

Paul Adcock
(Mike Goctwin operator)

DATE

10-12-98
~~9-24-1998~~

EQUIP MGRS RECOMMENDATION

H1-USE RECOMMEND REPLACEMENT, NO
OPERATOR HAS BEEN WORKING w/Dale B. on 4x4 and EAB.
UPGRADE

REPLACE AS CLASS

COLOR

SPECIAL EQUIPMENT

REPLACEMENT PAID

TOTAL WORKORDER SUMMARY

REPLACEMENT CONSIDERATIONS

- MECHANICAL CONDITION
- MILEAGE
- APPEARANCE
- AGE
- CHANGE IN APPLICATION

ESTIMATED COST TO REPAIR UNIT IF EXTENDED FOR 12 MONTHS

Dale Bingham (1st Priority)
745-3975 V-30355

Asset Repl Rates

** *****

Asset Number	2768	PU STD CCAB 4X4 3/4T	Status	AIS
			Acquis Date	05/21/1991
			Bill Status	WZ
			Cls/Veh Amort	07 / 07

	<u>Cur</u>	<u>Cur+1</u>	<u>Cur+2</u>	
Fiscal Yr	1999	2000	2001	Replace Date 06/1999
Repl Rate	2338	114	-56	Repl By Rate 521
Repl Cost	45503	46868	47211	

Adjustments:
 Veh Credit 0
 Veh Cost 0

Added On: 06/23/1997 By: KEH Changed On 05/20/1999 By: 603

Sys: DOTPF1 Company: SEF App: UBS AF User: 600 Ws: 132 Fri 05/28/99 10:54
 Press PF16 to Exit
 Last Key: _____ Spool: DOTPF1 Mode: INQ Scan: Y