

 <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 11.05.013	PAGE 1 of 6	
	EFFECTIVE DATE August 31, 2012		
SUBJECT Definition of Equipment Status		SUPERSEDES 11.05.013	DATED March 14, 2005
CHAPTER State Equipment Fleet	SECTION Equipment Assignment, Replacement, and Disposal	APPROVED BY Signature on File	

PURPOSE

This formalizes the policy and procedure (P&P) of the department on State Equipment Fleet (SEF) vehicles and attachments which are divided into different rate categories. The purpose of this procedure is to define the types of rate categories and identify the eligibility for each.

POLICY

To establish a consistent means of apply operating, replacement, usage, and overhead rates to all state vehicles and equipment under the purview of SEF.

PROCEDURE

Definitions

Highway Equipment Working Capital Fund (HEWCF): An intergovernmental service fund for the use of the Department of Transportation and Public Facilities for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots and to ensure sufficient revenues for the purchasing and maintenance of equipment and vehicle needs in future fiscal years for the State of Alaska.

Replacement Rate: The replacement rate is a fee that SEF charges to an end user to insure that sufficient funds are on hand when the asset needs to be replaced. The fee is billed each month or partial month that Wet and Dry HEWCF assets (see definitions below) are assigned to an agency. X status and Non Rental assets (see definitions below) are not billed replacement rates. The rates are calculated by individual vehicle and are based on original cost, capitalization, salvage value, inflation, credits paid to HEWCF, overhead, interest, amortization period, and over/under adjustments. Replacement rates are computed by SEF Headquarters and approved by the Office of Management and Budget.

Operating Rate: The operating rate is a flat monthly fee charged to end users to cover the actual expenses to maintain the asset. This fee is billed each month or partial month that a Wet Rental asset is assigned to an agency. X status, Dry, Non Rental assets, and assets assigned to SEF are not billed an operating rate. As of FY09, operating rates are computed individually for each piece of equipment. Operating rates are computed by SEF Headquarters and approved by the Office of Management and Budget. Excluding fuel, operating rates cover all normal maintenance costs associated with assets and are described in Policy and Procedures 11.02.020 and 11.04.020 through 11.04.031.

Billing Status: The alphanumeric code used to identify the rate structure and amortization period of an asset.

Wet Rental: Vehicles or equipment that are purchased with HEWCF monies and are charged replacement and operating rates.

Dry Rental: Vehicles or equipment that are purchased with HEWCF monies and are only charged replacement rates. Dry rentals are established in locations or at facilities where SEF maintenance services are not available. Dry rental status can only be approved by the Fleet Manager. The user agency is responsible for providing and documenting all operating services including preventive maintenance, repairs, and parts. SEF will annually inspect dry rental asset records to ensure that the asset is being properly maintained and documented. Dry assets that are not properly maintained with the required documentation will be required to be converted to wet rental status.

Non Rental: Vehicles or equipment that are not charged replacement or operating rates. Where SEF maintenance services are available, these assets must be brought to the fleet for repair and preventative maintenance services and all costs are directly charged to the end user. Where no SEF facility exists, executive branch agencies are responsible for the maintenance and repair of the asset and are required to maintain documentation that the vehicle is being properly maintained. SEF will require an annual record inspection to insure that the asset is being properly maintained and documented.

Wet Non Rental: Non Rental assets that are charged a monthly operating rate but not a replacement rate.

Asset Management Fees: Fees that are charged to all units to recover the cost of maintaining records, both computerized and paper, licensing, titling, and inventory control.

Buy/Sell Fees: Fees that are charged to all executive branch units except federal loan and non-HEWCF attachments and trailers whose original cost is less than \$5,000. These fees recover the cost of contracting, procurement, leasing, and disposal of assets.

X Status: Wet or Dry Rental HEWCF assets that have been replaced but are kept in service for seasonal and secondary use. The minimum time period to keep them in service is 12 months. Assets in X status are charged a monthly rental to recover the loss in salvage value resulting from their continued use. The fee is based on the projected salvage value of the asset. Fees collected in this manner are rebated to Wet and Dry non-X status assets through a reduction in the overhead rate used to recover interest costs and loss on the sale of HEWCF assets. All maintenance for X status units is billable. This includes costs incurred to bring the unit into a safe, reliable, emission, and PM compliant condition prior to assignment. A request for assignment of an X status vehicle must be approved by the requesting department's commissioner. (Attachment)

Z Status: Wet or Dry Rental HEWCF assets that have reached the end of their amortization periods but have not been replaced. They are charged replacement rates but the rates typically do not include depreciation after the fiscal year in which the assets are placed in Z Status.

Billing Status Codes:

A. Wet Rental

Assets that are Wet Rental and have not reached the end of their amortization periods have a billing status code of "W" followed by their amortization period stated in years. Examples are W03, W07, W10, and W15. See the table below for charges for these billing status codes.

B. Dry Rental

Assets that are Dry Rental and have not reached the end of their amortization periods have a billing status code of "D" followed by their amortization period stated in years. Examples are D03, D07, D10, and D15. See the table below for charges for these billing status codes.

C. Non Rental

Assets that are Non Rental and have not reached the end of their amortization periods have a billing status code of "N" followed by their amortization period stated in years. Examples are N03, N07, N10, and N15. Non Rental assets that are beyond the end of their amortization periods have a billing status of NN. See the table below for charges for these billing status codes.

D. HEWCF Lease

Assets that are purchased by the HEWCF and leased to end users have a billing

status code of “L” followed by their amortization period stated in years. See the table below for charges for these billing status codes.

E. Wet Non Rental

Assets that are Wet Non Rental have a billing status code of WN. See the table below for charges for these billing status codes.

F. X Status

HEWCF assets that are Wet and in X status have a billing status code of WX. Those that are Dry and in X status have a billing status code of DX. A request for the assignment of an X status vehicle must be approved by the requesting department’s commissioner, except if this is replacement of an existing WX asset. (Attachment) See the table below for charges for these billing status codes.

G. Z Status

HEWCF assets that are Wet and in Z status have a billing status code of WZ. Those that are Dry and in Z status have a billing status code of DZ. See the table below for charges for these billing status codes.

H. SEF Headquarters or its designees make all billing status assignments and changes.

I. The table below shows the charges that are billed to each billing status code:

Bill Status	Rep Rate	Op Rate	Maintenance Billable	Rental Rate	Asset Mgmt	Buy Sell
Executive Agencies						
W01-W99	Y	Y			Y	Y
WN		Y			Y	Y
WX			Y	Y	Y	Y
WZ	Y	Y			Y	Y
D01-D99						
D01-D99	Y		Y		Y	Y
DX			Y	Y	Y	Y
DZ	Y		Y		Y	Y
N01-N99						
N01-N99			Y		Y	Y**
NN			Y		Y	Y**
L01-L99		Y*	Y		Y	Y
Non Executive Agencies						
N01-N99						
N01-N99			Y		Y	
NN			Y		Y	
* Lease rate billed as operating rate, does not cover operating & maintenance costs.						
** Excluding federal loan vehicles, non-HEWCF attachments, and trailers whose original cost is less than \$5,000.						

ATTACHMENT:

Request for "X" Class Equipment

AUTHORITY

AS 36.30.005

IMPLEMENTATION RESPONSIBILITY

SEF Headquarters - ensure compliance with these procedures

DISTRIBUTION

All department employees via the DOT&PF website.

Attachment
REQUEST FOR "X" CLASS EQUIPMENT

MEMORANDUM

STATE OF ALASKA

TO: SEF District Equipment Manager

DATE:

FILE NO:

TELEPHONE NO:

FROM: _____

SUBJECT: Request for "X" Class
Vehicle/Equipment

The following "X" class vehicle/equipment is requested:

WX DX

Vehicle/Equipment No. _____

Assigned location _____

CC to charge _____

Reason for "X" class requirement: _____

Dates the vehicle/equipment is required (from/to) _____

It is understood the user agency is responsible for the following and accepts all conditions of issue.

1. All costs incurred in bringing this vehicle into a safe and reliable condition, including meeting emission standards and performing any past due or about to be due PMs, will be billed to the user agency.
2. All subsequent maintenance costs, including damage and accident repairs, will be billed to the user agency.
3. Any costly repairs will result in the vehicle being surplus, if deemed in the best interest of the State by the District Equipment Manager. If a unit is found to be mechanically unsafe it will immediately be removed from service. An effort will be made to locate another suitable vehicle for the using agency.
4. "X" class units are to be considered a **loan** from SEF for low or short term use. "X" class units are not considered permanent nor are they replaceable.
5. The vehicle will be returned in the same condition that it was received less normal wear and tear. The cost of repairing non-normal wear and tear will be billed to the using agency.
6. The user will be responsible for returning the unit to the SEF shop it was received from unless the District Equipment Manager has approved other arrangements.
7. In the event of an emergency need to keep airports and highways open, all units considered snow removal equipment (i.e., dump trucks, loaders, sanders, graders, plows, and snow blowers) will be returned upon the Equipment Managers' request.

REQUESTED BY

Printed: Commissioner & Department

Signature

Date

APPROVED FOR ASSIGNMENT

District Equipment Manager

Date