

HERNANDO COUNTY FLEET MANAGEMENT REPLACEMENT POLICY

Policy:

The Hernando County Board of County Commissioners (BOCC) possesses a large inventory of vehicles, motorized equipment, and ancillary items. These units constitute a substantial investment on the part of the community we serve. Therefore, it is the responsibility of all County employees to ensure that this equipment is properly maintained to effectively provide services to the community. To meet this responsibility, this Fleet Management Policy has been established, setting forth those standards and procedures necessary for the proper care and operation of the County's fleet. This administrative regulation supersedes all previous written and verbal instructions concerning the Hernando County Fleet.

Purpose:

It is the policy of the County to implement and administer a centralized system of vehicle and equipment procurement and replacement through life cycling for all categories of equipment and vehicles with a base purchase price greater than \$10,000. Departments may request an exception to this threshold due to the equipment type or life expectancy however the request must be authorized by the Fleet Manager.

The Utilities Director working with the Fleet Manager, is responsible for managing the overall program by establishing reasonable fees to cover routine maintenance costs (parts and labor), preventive maintenance, routine services and vehicle and equipment replacement costs.

Procedure:

A. General:

Hernando County BOCC is the sole owner of all County rolling stock (wheeled vehicles used by departments) as well as powered and unpowered equipment/vehicles. As used in this Policy, "Fleet Management" or "Fleet" shall mean the Fleet Management Department of Hernando County. Fleet Management is the only department responsible for overseeing the County's fleet and equipment with purchase prices more than \$10,000. Fleet Management will procure, maintain, repair, dispose/surplus, and replace all qualifying items. This administrative regulation provides the necessary authority for Fleet Management to carry out its duties and responsibilities as outlined. If the Fleet Manager has previously approved equipment less than \$10,000 Fleet Management can maintain such equipment.

B. Definitions:

1. As used in this Policy, references to "the Fleet Management Department", "Fleet Management" or "Fleet" shall all mean the Department within Hernando County responsible for the acquisition, maintenance, and repair, and surplus and disposal of vehicles, equipment, tangible personal property, and ancillary items, and/or other duties as directed by the Administration and/or the BOCC.
2. As used in this Policy, references to "Fleet Admin" shall mean one or more administrative staff members within the Fleet Management Department assigned the specific duties outlined in this Policy. Current "Fleet Admin" contacts may be obtained by emailing surplus@co.hernando.fl.us.

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C. Responsibilities:

1. Departments (including all staff responsible for these actions)
 - A. Ensure that all County employees perform the daily/weekly equipment checks
 - B. Ensure that vehicles and equipment are made available to Fleet Management at the scheduled times for routine maintenance and repairs
 - C. Ensure that drivers/operators adhere to all County and Fleet Management policies
2. Drivers/Operators:
 - A. Daily/Weekly checks to ensure:
 1. Fluid levels are satisfactory
 2. Tires are properly inflated
 3. Lights, wipers, gauges, and safety items are all functioning properly
 4. Inspect and report any visual damage, i.e., dents, scratches, cracks in glass, broken mirrors, etc.
 5. Report any unusual noises, drivability concerns, mechanical failures, etc.
 - B. Obey all traffic laws (obey speed limit and warning signs, use of seat belt at all times, adhere to cell phone policies, etc.)
 - C. Ensure safety of the vehicle or equipment. Do not leave the keys in vehicle or equipment when unattended.
 - D. Ensure vehicle or equipment is parked in a safe well-lit area.
 - E. Keep the exterior and interior of vehicles clean and equipment reasonably free of dirt, grime, and debris.
 - F. Tobacco products shall not to be used in any county vehicle

D. Vehicle and Equipment Replacement Policy:

The Fleet Management Department is responsible for the development of the replacement schedules for all vehicles and equipment funded by and/or maintained with funds under the County.

In December and January of each fiscal year, Fleet Management in cooperation with each department will identify vehicles and equipment eligible and/or in need of replacement, as well as additions requested. In February, the Fleet Manager will provide a vehicle/equipment procurement report to the Office of Management and Budget (OMB) which will be utilized for each Department's upcoming budget. This information will provide the replacement criteria data, estimated cost for future purchases, and anticipated monthly lease payments. This list will be approved by the BOCC in September as part of the County's overall budget approval process. Beginning in October of each fiscal year, Fleet Management will requalify the proposed vehicle/equipment list with department managers/directors to ensure the departments' needs are met and all specifications have been identified. Fleet Management will make any requested alterations or substitutions and requote all vehicles and equipment for current contract pricing (new fiscal year contract pricing goes into effect October 1). Changes to the Vehicle and

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Equipment list can be authorized by the Fleet Manager providing it does not exceed the Fleet Departments overall budget or the budgeted amounts by the department utilizing the vehicles and equipment. The timeline is as follows:

1. December and January: Qualify vehicles with departments for next fiscal year's procurement
2. February - May: Submit procurement report to OMB for next fiscal year's budgeting
3. September: BOCC approval of procurements
4. October and November: Requalify procurement plan and submit any increases to County Administrator for approval.

Fleet will work with OMB to determine when borrowing for new equipment is warranted. Upon determination that financing is needed, Fleet will make a request to borrow funds to Financial Services at least three weeks before the equipment is to arrive. Per IRS regulations, borrowed funds must be received BEFORE the equipment is paid for. The request for borrowing is to include the following:

- Description of equipment
- Cost of each piece of equipment (including any discounts)
- Copy of Purchase Order for all equipment
- Date equipment is expected for delivery
- Term of borrowing (how many years borrowing will be)

E. Vehicle Replacement Criteria:

Any vehicle or piece of equipment purchased as part of a lease or grant program may be retired based on the terms and conditions of the agreement. Funding for future vehicle and equipment procurement is administered by Fleet Management through monthly charges billed to individual departments which are deposited into the Vehicle Replacement Fund. In special or extenuating circumstances, such as major component failure, theft, or collision damage, the Fleet Manager can approve the early retirement and replacement of a particular vehicle or piece of equipment without meeting the established criteria. Equipment with a purchase price of less than \$10,000 can be obtained and maintained by the departments without Fleet consultation.

Vehicles and equipment will be replaced with like-for-like unless additional features are requested and justified. When a department is required to add an additional vehicle or piece of equipment due to an increase in staff or a change in operations, the department Office/Division will be responsible for the initial justification, specifications, and must budget for the monthly lease payments and any associated charges. During the budget process, Fleet Management will determine the useful life. After purchase, Fleet Management will add the vehicle or equipment to the replacement program. Each Department has certain specialty equipment that is unique to their specific functions. If this specialty equipment (crane, utility body, bed liner, etc.) is

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considered by Fleet Management to be a permanent installation it will be treated as part of the asset and calculated in the replacement fee. If the equipment is not considered a permanent installation (laptop, UHF/VHF/800/radio, GPS, etc.), the user Department will be charged separately for its purchase, repair, or replacement. All newly acquired vehicles and equipment will be delivered to Fleet Management. It is Fleet Management's responsibility to receive and inspect all new vehicles and equipment for compliance with the specifications. At the discretion of Fleet Management, the user Department may be contacted for assistance with specification compliance. Representatives from Hernando County Fire & Emergency Services (HCFES) are requested to assist with their new apparatus inspections. All new vehicles and equipment will be assessed a preparation charge from Fleet Management. This fee will cover the installation of the County's asset numbers and required decals, installation of add-on equipment, and the pre-delivery inspection (PDI).

New vehicles will not be placed into service until the following have been fulfilled:

1. Fleet Management has performed an inspection of the vehicle
2. Equipment has been installed and decals have been applied
3. Fleet Management has issued an asset number
4. An I-1 has been processed
5. Risk Management has established proper insurance coverage
6. Telematics and Fuel Focus systems have been installed
7. Outgoing vehicle has been turned-in to Fleet for surplus

The criteria below are used to establish a benchmark for replacement. The three criteria are age, mileage/hours, and repair costs. All criteria need not be met for replacement. Generally, meeting two of the three criteria would initiate review of the asset for replacement. However, the vehicle/equipment's condition, repair history, utilization, and other factors are also considered before making a final determination.

1. Replacement Criteria Defined:

- a. Age: Each item has a pre-determined useful life. Items qualify for replacement when they reach the end of their life cycle. The vehicles life cycle is expressed in months (for example, seven years = 84 months). Each class of vehicle and equipment has a set number of months of useful life as determined by the industry. As such vendors stop supporting those vehicles which can result in repair delays and excessive down time.
- b. Mileage/Hours: Each item has a pre-determined number of miles and/or hours of use in accordance with the policy. When those miles/hours are exceeded, repairs become excessive and continued use is not cost effective. Items will vary with mileage/hours by type and use.

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- c. Repair Costs: When parts and labor costs meet or exceed 50% of the original vehicle and/or equipment cost, the vehicle or piece of equipment has reached the desired disposal point for effective asset management.
- 2. All vehicles and equipment will be replaced using the following criteria:
 - A. All cars and light trucks up to 1-ton:
 - 1. Age (minimum 7 years)
 - 2. Mileage (minimum 125,000)
 - 3. Repair History (excessive repair costs or other major mechanical failures).
 - B. All 1-ton to 1 ½-ton pickup and utility style trucks:
 - 1. Age (minimum 7 years)
 - 2. Mileage (minimum 125,000)
 - 3. Repair History (excessive repair costs, or other major mechanical failures)
 - C. All medium and heavy trucks
 - 1. Age (minimum 10 years)
 - 2. Mileage (minimum 150,000 miles).
 - 3. Repair History (excessive repair costs, or other major mechanical failures)
 - D. Hernando County Fire Rescue Engines (Pumpers)
 - 1. Age (minimum 15 years; financing 10 years)
 - 2. Mileage (minimum 150,000)
 - 3. Repair History (excessive repair costs, or other major mechanical failures)
 - E. Hernando County Fire Rescue Ambulances
 - 1. Age (minimum 7 years; financing 5 years)
 - 2. Mileage (minimum 150,000)
 - 3. Repair History (excessive repair costs, or other major mechanical failures)
 - F. Hernando County Fire Rescue Aerials (Ladder Trucks)
 - 1. Age (minimum 20 years; financing 15 years)
 - 2. Mileage (minimum 150,000)
 - 3. Repair History (excessive repair costs, or other major mechanical failures)
 - G. Hernando County Fire Rescue Tankers
 - 1. Age (minimum 20 years; financing 10 years)
 - 2. Mileage (minimum 100,000)
 - 3. Repair History (excessive repair costs, or other major mechanical failures)
 - H. All finish mowing equipment (Parks & Recreation):
 - 1. Age (minimum 5 years)
 - 2. Hours (minimum 6,000)

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3. Repair History (excessive repair costs, or other major mechanical failures)
- I. All tractors, rough cut mowers, trailers, and other light and medium equipment:
 1. Age (minimum 5 years)
 2. Hours (minimum 6,000)
 3. Repair History (excessive repair costs, or other major mechanical failures)
- J. All heavy and industrial road and construction equipment:
 1. Age (minimum 7 years)
 2. Hours (minimum 7500)
 3. Repair History (excessive repair costs, or other major mechanical failures)
- K. All tractor attachments and other equipment with a purchase value of \$10,000.00 or more
 1. Age (minimum 5 years)
 2. Repair History (excessive repair costs, or other major mechanical failures)

F. Vehicle and Equipment Procurement Processes:

Fleet Management will work closely with each department to ensure that vehicle and equipment specifications are met.

1. Vehicles and equipment that can be purchased utilizing a State, Sheriff's, or cooperative contract will be placed through the Purchasing and Contracts Department as requested by Fleet Management.
2. Vehicles and equipment that are not offered on a State, Sheriff's, or cooperative contracts shall be purchased with specifications developed by Fleet Management and the user department without restrictions to competition. The specifications will be sent to the Purchasing and Contracts Department for formal bid process. Prior to the bid award, Purchasing, Fleet and the user department will review the bids based on the purchasing policies and make a recommendation of award.

G. Vehicle and Equipment Purchase

Vehicles and equipment over \$10,000 will be purchased through the Vehicle Replacement Program. The Program will spend up to its annual budget limit, and any items required beyond that may be funded by loans secured by Fleet Management. The principal and interest for repayment of the loan will be incorporated into the replacement program. Principal will be repaid using standard Fleet lease payments. Interest will be assessed as a separate charge. User Departments' responsibility for interest will be based on the percentage of original vehicle cost, for each vehicle assigned to department, to overall Fleet inventory cost. This percentage will be applied to the total annual interest of the loan. See example below:

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Vehicle	Original Cost	% Debt Service Obligation *	Annual Dept. \$ Interest Obligation
18945	\$20,000	(20,000/24,500,000) .0816%	(\$95,500~ x .0816%) \$77.93
29000	\$32,500	(32,500/24,500,000) .1327%	(\$95,500~ x .1327) \$126.73
38005	\$220,000	(220,000/24,500,000) .8980%	(\$95,500~ x .8980%) \$857.55
Total for dept. 01151			\$1,062.21

* Total value of Fleet inventory \$24,500,000

~ First year interest: \$95,500

H. One-Time Payment Option:

Departments may elect to utilize a one-time payment option by paying for the vehicle/equipment with one lump sum payment. Utilizing this option eliminates the need for any vehicle/equipment financing, and therefore, no interest charges are assessed. Additionally, when the vehicle/equipment is declared surplus and sold, the proceeds will go back to the Department.

Procedures:

1. The Department may select the one-time payment option on the vehicle replacement form
2. Fleet will indicate on the replacement spreadsheet the vehicles requested to utilize the one-time payment option. The replacement spreadsheet will be reviewed and approved by OMB during the budget review process.
3. The vehicle purchase will go through the same procedure as all other purchases.
4. Upon delivery Fleet will pay the invoice.
5. Departments will be invoiced with all documentation pertaining to purchase of the vehicle/equipment.
6. The Departments will not be charged interest on Line of Credit Draws
7. When vehicle/equipment meets replacement criteria and is sold as surplus, the Department will receive the proceeds.

I. Rental/Lease of Vehicles and Equipment:

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Departments must obtain approval from the Fleet Manager for lease or rental of vehicles and equipment that would otherwise qualify under the Fleet Replacement Program.

J. Early Pay-off Of Vehicles & Equipment

If a department chooses to pay off the monthly lease to Fleet early, the department will still be responsible for paying the interest charges for lines of credit that have already been set. These vehicles will be exempt from accruing interest from any future draws on lines of credit. The department will have the ability to replace these vehicles prior to the set timeframe due to maintenance cost, major failure, or they cease to serve a purpose to the department with the approval of the Fleet Manager. Proceeds from the sale of these vehicles/equipment go to the Fleet Replacement Fund.

K. Maintenance and Repair Guidelines:

The Fleet Management Department is primarily responsible for the repair and maintenance of the vehicles and equipment for the County.

1. Levels of Maintenance:

- A. Items under \$10,000 can be maintained by the Department.
- B. All Motorized & Non-Motorized Vehicles and Equipment over \$10,000 will be maintained by Fleet Management unless a special exception has been approved by the Fleet Manager.
- C. Specialized vehicles/equipment will fall under the Fleet Replacement Program (FRP). However, if Fleet cannot perform maintenance and repairs because of the specialized nature of the item, the department may request a special exception to be approved by the Fleet Manager for the maintenance and repairs to be handled by the department. If maintained by the department, that department must maintain a database of information as to the repair/maintenance costs for that equipment/vehicle. This data base must include all parts costs, labor time, outside repair costs, and a detailed account of the complaint, diagnosis, and repairs. A quarterly report will be required to be submitted to Fleet Management for all the above-mentioned repair/maintenance costs. Each department will identify a person responsible for these reports.

2. Small engine equipment under \$10,000:

- A. Minor in-field repairs to small engine equipment such as oil and filter changes, regular greasing, replacement of air filters, blades, belts, and wheels are permissible with the approval of the Fleet Manager.

L. Surplus and Disposal of Vehicles and Equipment:

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The disposal of replaced vehicles and equipment is the responsibility of the Fleet Management Department. Surplus policies established by the BOCC will be strictly adhered to. departments will be issued their new units upon turn-in of the item(s) being replaced. The old units shall be placed into surplus status and have all County markings removed. The unit will be stored at Fleet Management after the I-2 form have been completed. Fleet Management will facilitate the auction of these units to the highest bidder during a public auction in accordance with County Surplus Policy and Procedures. The proceeds of the auction process will be returned to the Fleet Replacement Program unless the vehicles/equipment were purchased utilizing the one-time payment option, then the proceeds go back to the user department. These funds will help offset the increase of the cost of future new units. At the discretion of the Fleet Management Department, a vehicle submitted for surplus may be retained for reassignment to the Fleet Management motor pool for further County use. Non-lease or non-grant funded items may be retained by Fleet Management and reassigned to other departments with proper justification. All vehicles and equipment purchased under a lease program or funded by a grant will be disposed of in accordance with the terms and conditions of that related agreement as instructed by Grants Compliance

M. Vehicle and Equipment Pool:

The Fleet Management Department will be responsible for establishing and maintaining a vehicle and equipment pool. Vehicles will be available on a first-come, first-serve basis unless an emergency arises. Each pool vehicle will be signed out with a full tank of fuel and the vehicle is required to be returned with a full tank of fuel. Departments who do not refill Fleet pool vehicles will be assessed a fuel charge. At no cost, a department can be temporarily assigned a pool vehicle while theirs is being serviced by Fleet. When Fleet Management determines a pool vehicle has fulfilled its useful life it will be placed into surplus and the proceeds will be deposited into the Fleet Replacement Fund.

Any item not defined by this document shall be addressed by the Fleet Manager in writing with the approval of County Administration.