

CITY OF WETASKIWIN

Policy #	Policy Name:	Adopted:
CO-022	Fleet Management / Equipment Pool	November 14, 2011

Policy Statement:

To ensure that the City of Wetaskiwin maintains a modern and reliable equipment pool, at the lowest overall cost, a standard of equipment procurement, disposal, replacement and sustainable funding must be adopted.

The City of Wetaskiwin recognizes the significant initial cost associated with vehicle and mobile equipment acquisitions, as well as the ongoing costs required to operate and maintain all vehicles and mobile equipment at a satisfactory level. The City also recognizes that there is a cost to the City when a piece of equipment is out of service.

This policy shall apply to all City departments and service areas that use City vehicles, other than those vehicles used by the Royal Canadian Mounted Police or the City of Wetaskiwin Fire Department.

Guidelines

1. Fleet Acquisition and Disposal:

All vehicle or equipment acquisitions must be conducted through the legislated procurement processes outlined in the New West Trade Agreement (NWTa) as amended or replaced, City of Wetaskiwin Policy 1901, Tendering and Purchasing Policy, as amended or replaced, as well as any other applicable procurement regulations.

In an effort to stay environmentally sustainable, vehicle or equipment acquisitions may take into consideration fuel and emission efficiency as well as life cycle costs.

A. Additions to Fleet

- Additions to the fleet, representing an increase in service level, will be submitted for Council review during the budget process.
- Additions to the fleet will not be funded from the equipment pool.

B. Fleet Replacement

- Fleet replacement due to obsolescence or end of life cycle will be financed through a vehicle replacement reserve.

- Fleet replacement due to physical damage will be financed through appropriate insurance procedures, with the balance for replacement coming from the vehicle replacement reserve.
- When equipment or vehicles reach the end of their life cycle they will be disposed of pursuant to City of Wetaskiwin Policy #2605, Disposal of Surplus Property, as amended or replaced. All proceeds from the disposal of vehicles or equipment will be allocated to the equipment replacement reserve.

C. Extended Life Cycle - Delay of Fleet Replacement

- A review of vehicles and equipment reaching the end of their life cycle will be conducted to determine their condition and potential resale value.
- Upon review, if a vehicle or piece of equipment has continually performed at a high level, with a satisfactory maintenance record, that vehicle or piece of equipment may be considered for a life cycle extension.

D. Early Fleet Replacement

- In circumstances where a vehicle or piece of equipment becomes too costly to maintain or operate, before the end of its established life cycle, it may be considered for early replacement.

2. Fleet Management Life Cycle and Service Charges

- A.** Administration will maintain a vehicle replacement table which will indicate the estimated life (years) and estimated equipment use (hours), on which the life cycle replacement will be based, as well as the hourly and annual rates which will be charged for each type of equipment in the City fleet.

The following factors will be used to determine the life cycle:

- Length of warranty for unit
- Estimated usage of unit (hours)
- Type of use
- How critical the type of equipment is to City operations
- Resale potential
- Guaranteed buyback potential
- Lifecycle established by other similar communities

Life cycles will be established as the target life span for which all vehicles types within the City fleet.

B. A user charge will be established for each equipment type within the City Fleet to offset the cost of vehicle replacement (based on the established life cycle), maintenance costs, and an administrative fee.

- The user charges will be reviewed annually to account for inflationary costs.
- User charges may be based on hourly rates or annual rates, depending on the type of service expected of the vehicle type.
- The administrative fee will represent approximately 5% of the gross fee.

3. Financial Management and Reporting

- Council will be presented with an annual update of the ten year Fleet Management Plan, projecting proposed purchases, charges, anticipated revenues and reserve levels, as a part of the annual budgeting process.
- Equipment pool rates will be reviewed annually to maintain a 10 year future projected reserve at a level between 5% and 10% of the total fleet replacement value.
- Equipment reserve funds will be used only for life cycle replacement of City Fleet vehicles.