

CITY OF STOUGHTON
VEHICLE AND EQUIPMENT REPLACEMENT AND DEPRECIATION
Adopted March 2012

Attachment A – Guide for Early Replacement of City owned vehicle
Attachment B – Depreciation Formula
Attachment C – Point Ranges for Replacement Consideration
Attachment D – Point Range Details for Sedans, Trucks (1 Ton and less)
Attachment E – Point Range Details for Heavy Equipment and Vehicles

Category “A-1”

This category consists of the Police Department’s Patrol Car Program, which is used primarily in dealing with the public. Because these cars are assigned for daily patrol officer duties, the targeted cycle is 3 years or 80,000 miles. This group uses a fleet of six vehicles that are rotated to keep mileages low and to spread mileage across the vehicle group.

Category “A-2”

This category consists of the Police Department’s Administrative and Detective vehicles, which are used primarily in dealing with the public. Because these vehicles are normally assigned to perform different types of activity such as administrative support, investigative follow, and surveillance work they may be pooled, rotated and replaced at the discretion of the operating department. The target replacement period for this group is eight years or 100,000 miles. The department will formulate the replacement based on indicated factors. The department may also, from time to time, decide to retain or replace a vehicle outside this service consideration based on anticipated or need of a “clean” vehicle for needs of surveillance. This determination shall not compromise any vehicle operating requirements.

Category “B”

This category consists of all other specialized vehicles, which use does not significantly affect the public image of the City of Stoughton. These vehicles should not be replaced earlier than 100,000 miles, 10,000 operating hours, or provided the maintenance cost is considerably higher than vehicles of the same type.

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ATTACHMENT “A”

Guide for Early Replacement of City-Owned Vehicles

The consideration of early replacement of a vehicle often arises when major expenditures are necessary to restore it to a safe operating condition (e.g., major component failure or incident damage). The economic effect of such repairs cannot be avoided because the cost to the City is normally about the same whether the vehicle is sold in un-repaired condition or restored to repaired condition.

However, replacement prior to the normal criteria for vehicles will result in an acceleration of all future replacement cost cycles required to satisfy a continuing vehicle need. This acceleration of cost cycles causes a sizable increase in total present value cost of all future cycles and should be avoided whenever possible. Major vehicle repairs should always be made, with two exceptions:

1. Major expenditures for repair should not be made when the cost of the repair plus the vehicle salvage in un-repaired condition exceeds its wholesale value in repaired condition.
2. Major deferrable expenditures should not be made when a vehicle is in the final six months of its retention cycle. During this period the penalty for early replacement is small and, therefore, the vehicle should be replaced rather than repaired.

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ATTACHMENT “B”

Depreciation Formula

Current acquisition price of each vehicle divided by the utilization cycle (mileage, hours or total maintenance cost) will provide the yearly depreciation allowance.

EXAMPLE A

Engine Hours: \$300,000.00 fire truck divided by the target replacement cycle of 5,000 engine hours will give a depreciation cost of \$60.00 per engine hour.

Taking the \$60.00 times the number of engine hours (560) the vehicle was operated the previous year will give you the yearly depreciation amount of \$33,600.00.

EXAMPLE B

Mileage: \$30,000.00 police vehicle divided by the target replacement cycle of 100,000 miles will give you a depreciation cost of \$.30 per mile.

\$.30 times the number of miles (20,000) the vehicle was driven the previous year will give you the yearly depreciation amount of \$6,000.00.

EXAMPLE C

Maintenance Cost: depreciate the original purchase price by 15% per year, for power hand tools, trailers, etc.

Replace item only when the maintenance cost reaches the original purchase price.

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ATTACHMENT “C”

Point Ranges for Replacement Consideration

<u>Point Scale</u>	<u>Condition</u>	<u>Description</u>
23 points and under	I. Excellent	Do not replace
24 to 28 points	II. Very Good	Re-evaluate for the following years budget
29 to 33 points	III. Good	Qualifies for replacement if M/R cost exceed 60 % of cost
34 to 38 points	IV. Fair	Qualifies for replacement if budget allows
Above 39 points	V. Poor	Needs priority replacement

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ATTACHMENT “D”

Point Ranges Detail for Sedans, SUV’s, Trucks (1 Ton and Less)

Factor	Points	Description	
Age Hours/Usage Type of Service	1	Each Year of Chronological Age	
	1	Each 10,000 miles or 250 hours of usage	
	1	Standard Sedans, SUV’s, pickups	
	2	Standard vehicles with occasional off-road use	
	3	Any vehicle that pulls trailers, hauls heavy loads and has continued off-road usage	
	4	Any vehicle involved in snow removal	
Reliability PM Work Not Included	5	Police units	
	1	In shop one time within three month time period, no major breakdowns or road calls	
	2	In shop one time within three month time period, 1 breakdown/road call within same period	
	3	In shop more than once within 3 month time period, 1 breakdown /road call in same time period	
	4	In shop more than twice within one month time period, 1 or more breakdown/road call in same time period	
M & R Costs Incident Repair Not Included	5	In shop more than twice monthly, two or more breakdowns within one month time period	
	1	Maintenance costs are less than or equal to 20% of replacement cost	
	2	Maintenance costs are 21-40% of replacement cost	
	3	Maintenance costs are 41-60% of replacement cost	
	4	Maintenance costs are 61-80% of replacement cost	
Condition	5	Maintenance costs are greater than or equal to 81% of replacement costs	
	1	No visual damage or rust, good drive train	
	2	Minor imperfections in body and paint surface, (no rips, tears, burns), good drive train	
	3	Noticeable imperfections in body and paint surface, minor rust, minor damage for add-on equipment, worn interior (one or more rips, tears, burns) and weak or noisy drive train	
	4	Previous accident damage, poor paint and body condition, rust (holes), bad interior (rips, tears, cracked dash) major damage for add-one equipment and on drive train component bad	
	5	cracked dash) major damage for add-one equipment and on drive train component bad	
Point Ranges	5	Previous accident damage, poor paint and body condition, rust (holes), bad interior (rips, tears, cracked dash) major damage for add-one equipment and on drive train component bad	
	Condition	Description	
	0-23	Excellent	Do not replace
	24-28	Very Good	Re-evaluate for replacement for next year's budget
	29-33	Good	Qualifies for replacement this year if M/R cost exceed 60% of cost
	34-38	Fair	Qualifies for replacement this year if budget allows
39+	Poor	Needs priority replacement	

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ATTACHMENT “E”

Point Ranges Detail for Sedans, SUV’s, Trucks (1 Ton and Less)

Factor	Points	Description	
Age Hours/Usage Type of Service	1	Each Year of Chronological Age	
	1	Each 10,000 miles or 250 hours of usage	
	1	Standards duties as equipped	
	2	Standards duties when used with attachments	
	3	Multiple duties on seasons	
	4	Extreme duties in harmful atmosphere(dust, salt, water, waste solids)	
Reliability PM Work Not Included	5	Heavy construction work including snow removal	
	1	In shop one time within three month time period, no major breakdowns or road calls	
	2	In shop one time within three month time period, 1 breakdown/road call within 3 month period	
	3	In shop more than once within 3 month time period, 1 breakdown /road call in same time period	
	4	In shop more than twice within one month time period, 1 or more breakdown/road call in same time period	
M & R Costs Incident Repair Not Included	5	In shop more than twice monthly, two or more breakdowns within one month time period	
	1	Maintenance costs are less than or equal to 20% of replacement cost	
	2	Maintenance costs are 21-40% of replacement cost	
	3	Maintenance costs are 41-60% of replacement cost	
	4	Maintenance costs are 61-80% of replacement cost	
Condition	5	Maintenance costs are greater than or equal to 81% of replacement costs	
	1	Good condition, fully functional	
	2	Fair body, functional	
	3	Minor body damage, weak operating system	
	4	Severe damage, components not functional	
Point Ranges	5	Extreme damage, inoperable	
	Condition	Description	
	0-23	Excellent	Do not replace
	24-28	Very Good	Re-evaluate for replacement for next year's budget
	29-33	Good	Qualifies for replacement this year if M/R cost exceed 60% of cost
34-38	Fair	Qualifies for replacement this year if budget allows	
39+	Poor	Needs priority replacement	