RESOLUTION 21-603

TOWN OF MOUNT CARMEL, TENNESSEE

A RESOLUTION OF THE TOWN OF MOUNT CARMEL TENNESSEE ESTABLISHING A VEHICLE MAINTENANCE AND REPLACEMENT POLICY

WHEREAS, it is imperative that cities have reliable vehicles and equipment to provide the highest level of municipal services; and

WHEREAS, failure to maintain up to date vehicles and equipment often means that the city is unable to provide a high level of municipal services due to excessive maintenance cost and down time, when vehicles are being repaired; and

WHEREAS, serviceable equipment is necessary in responding to police and fire emergencies, utility maintenance, waste collection, street maintenance and repairs and other services to ensure the health and safety of the citizens of the city; and

WHEREAS, it is also desirable that equipment funds be reserved in a separate fund to avoid high tax increases to make expensive equipment purchases; and

NOW, THEREFORE, BE IT RESOLVED by the Town of Mount Carmel that the following vehicle and equipment replacement program is hereby established:

Section 1. There is hereby established a vehicle and equipment fund for the Town of Mount Carmel. Funds deposited therein shall be used for no other purpose than the purchase of new vehicles and equipment. Any interest accumulated in the fund shall become a part of the equipment reserve fund.

Section 2. Upon purchase of a car or pickup truck, the annual depreciation value shall be deposited in the equipment replacement fund. At such time that the accumulated maintenance value equals 80% of replacement cost, the car or pickup truck may be sold, in accordance with city purchasing and disposal policies and procedures, and the sales proceed along with the accumulated depreciation value in the replacement fund shall be used toward the purchase price of a new car or pickup truck.

Section 3. Fire equipment, brush trucks, and other specialized equipment shall be replaced as follows:

(1) A 10-year usable life is hereby established for fire trucks. Upon the purchase of a new fire truck, the annual depreciated value over 10 years is deposited in the equipment replacement fund established in Section 1. The fire truck is sold, in accordance with city purchasing and disposal policies, and the sales proceeds and accumulated depreciation value is paid out of the equipment replacement fund toward the purchase price of a new vehicle.

(2) A seven-year usable life is hereby established for brush trucks. Upon the purchase of a new brush truck, the annual depreciated value over seven years is deposited in the equipment replacement fund established in Section 1. The existing brush truck is sold, and the sales proceeds and accumulated depreciation value is paid out of the equipment replacement fund toward the purchase price of a new brush truck.

(3) The City Manager (or their designee) may establish usable life criteria for other types of equipment based on industry standards as well as the needs of the city, and the equipment shall be replaced in the same manner as provided in (1) and (2) above.

Section 4. This resolution shall become effective upon passage, the public welfare requiring it.

Pat Stilwell, Mayor

Pat Stilwell, Mayor

ATTEST:

Mike Housewright, City Recorder

APPROVED AS TO FORM:

John Pevy, Town Attorney

MOTION: Gibson			
SECOND: Fleishour			
1st READING	AYES	NAYS	OTHER
Alderman Mindy Fleishour	✓		
Alderman John Gibson	✓		
Alderman Jim Gilliam		✓	
Alderman Steven McLain	✓		
Alderman Darby Patrick	✓		
Vice-Mayor Tresa Mawk	✓		
Mayor Pat Stilwell	✓		
TOTALS	6	1	

TOWN OF MOUNT CARMEL, TENNESSEE
VEHICLE REPLACEMENT POLICY

SCOPE

This program provides for the planned replacement of all fuel consuming vehicles and equipment, their attachments and implements. The Replacement Plan will be administered by the City Manager or their designee. The Replacement Plan will be based on criteria and a point system as defined below.

OBJECTIVES

1. Establish a Replacement Fund to provide funds for vehicle replacement in advance of need.

2. Smooth the outflow of capital funding and the rotation of incoming and outgoing vehicles year to year to prevent spikes in cash and asset flow.

3. Eliminate the requirement to request approval from the governing body for each replacement purchase.

4. Meet the needs of the end user.

5. Provide a central point of control to account for all fleet specifications, acquisition, assignment, utilization, maintenance, and repair.

6. Maximize fleet resources by providing timely acquisition and disposal of vehicles and equipment.

7. Right size the fleet. Ensure the city has the optimum number and type of vehicles and equipment and that fleet growth is planned and controlled.

8. Promote standardization. This is needed for promoting cost effective maintenance/repair.

9. Optimize vehicle utilization.

10. Comply with state of Tennessee purchasing laws and financial procedures.

11. Reduce per unit maintenance costs by eliminating old, expensive to maintain vehicles and equipment.

VEHICLE REPLACEMENT CRITERIA

Scoring categories: Age, Mileage, Annual Maintenance Cost and Use.

Table 1.	
Vehicle Age (years)	Points
>15	5
13 – 15	4
10 – 12	3
7 – 9	2
4 – 6	1

Table 2.	
Vehicle Mileage	Points
>100 K	5
70 – 99 K	4
50 – 69 K	3
30 – 49 K	2
< 30 K	1

Table 3.	
Annual Maintenance Cost ($)	Points
> $2,500	5
$1,900 - $2,499	4
$1,300 - $1,899	3
$700 - $1,299	2
< $700	1

Table 4.	
Vehicle Use (Specialty)	Points
Special Built/Purpose	5
Medium Duty	4
Single Purpose w/ Attachments	3
4 Wheel Drive	2
Standard Vehicle	1

APPLICATION OF RANKING CRITERIA

The American Public Works Association (APWA) vehicle replacement guide uses a weighted point system based on age, usage, type of service, maintenance and repair costs and overall condition of the vehicle. The city's ranking system shall be used to develop vehicle replacement cost. Tables 5 and 6 provide examples.

Table 5.

SCORE	CONDITION	($) NEEDED GENERAL FUND	NO. OF VEHICLES	($) NEEDED SEWER FUND	NO. OF VEHICLES
< 9 Points	Excellent to Very Good	$XXX,XXX	XX	$XXX,XXX	XX
9–12 Points	Good	$XXX,XXX	XX	$XXX,XXX	XX
13–19 Points	Qualifies for Replacements	$XXX,XXX	XX	$XXX,XXX	XX
> 19 Points	Needs Immediate Replacement	$XXX,XXX	XX	$XXX,XXX	XX
Total:		$X,XXX,XXX	XXX	$X,XXX,XXX	XXX

The current total replacement cost is $X,XXX,XXX.

PLAN IMPLEMENTATION

1. Each year prior to budget preparation, the fleet manager and finance director will hold a meeting with each user department to confirm vehicle replacements for the upcoming budget.

2. When new vehicle/equipment is purchased, a replacement cost will be established based on its economic life.

3. The replacement cost will be applied as an expense against the new vehicle and charged to the department where it is assigned.

4. The replacement expense will be credited to the Replacement Fund.

5. Proceeds from vehicle/equipment sales will be credited to the Replacement Fund to provide a cushion against inflation.

6. Expenditures from the Replacement Fund will be authorized by the finance director.

7. The finance director will prepare and distribute to department heads a report detailing the replacement charge and remaining balance due for each unit. The report will be prepared and distributed on a frequency to be determined by the city.

8. A unit's replacement fee is discontinued when the fund for that specific unit is fully reimbursed.

9. If a vehicle is totaled due to an accident and for the amount not covered by insurance, the accumulated total of replacement fees for that vehicle can be used to help fund the replacement. Any additional funding needed to fully pay the replacement cost must be provided from sources beyond the Replacement Fund.

10. At the end of the vehicle's economic life, funding for its replacement will be provided by the Replacement Fund.

11. Table 6 provides an example of the annual cost needed from the general fund and the utility fund.

Table 6.			
	Number in Fleet	Replacement Cost	Annual Cost
General Fund	XX	$XXX,XXX	$XX,XXX
Fire Apparatus	X	$XXX,XXX	$XX,XXX
Utilities	XX	$XXX,XXX	$XX,XXX
Total	XX	$X,XXX,XXX	$XXX,XXX

12. The replacement plan assumes that an average life span can be established for a group (type) of equipment based on industry standards and analysis. The following life expectancy shown in Table 7 could be used for purposes of planning. Because this listing is an average, some equipment will operate beyond the stated life expectancy and some less.

Table 7.	
Vehicle Description	Age/Miles
Car	8 Years/100 K
Police Pursuit Car	6 Years/100 K
Pickup, SUV, Van, 1-Ton Truck	8 Years/100 K
Medium and Heavy-Duty Trucks, Utility Trucks, Bucket Truck, Flatbed	10 Years/120 K
Front-Load Refuse Truck	8 Years/100 K
Track Loader, Track Backhoe, Rubber Tire Loader, Curbing Machine	10 Years
Backhoe/Loader Combination	10 Years
Skid-Steer Loader	10 Years
Forklift	15 Years
Grader	10 Years
Small Engine Equipment, Tractor, Mower, Sprayer, Leaf Loader	10 Years
Trailer-Mounted Compressor	10 Years
Trailers, Snowplows, and Salt Spreaders	15 Years
Fire Engine Truck	10 – 15 Years
Ladder Truck	15 – 20 Years
Rescue Trucks	10 Years