

THE TOWN OF PROSPER PERSONNEL POLICIES AND PROCEDURES MANUAL	REFERENCE NO. 9.10 PAGE NO. Page 1 of 3
Chapter 9: MISCELLANEOUS	INITIAL EFFECTIVE DATE: APRIL 2, 2015
Title: VEHICLE/EQUIPMENT REPLACEMENT FUND POLICY	LAST REVISION DATE:

The purpose of the Town's Vehicle/Equipment Replacement Fund (VERF) Program is to provide a reliable funding source and useful criteria for replacement of the Town's vehicle fleet, field equipment, and computer equipment.

I. Organizational Responsibilities

Throughout the process, it is critical that Town staff works together to ensure that grant requirements are met and that the Town of Prosper achieves the identified goal that created the need for the supplemental funding.

A. Town Departments

Departments operating vehicles and equipment (including computers) are responsible for:

1. appointing members to the VERF Committee;
2. contributing monthly to the VERF according to this policy; and
3. requesting replacement units during the annual budget process.

B. VERF Committee

The VERF Committee is comprised of the Purchasing Agent, the Finance Director, and one representative from each user department. The user department representatives are appointed by their respective department heads.

Committee duties include:

1. reviewing the annual list of replacements, identifying items warranting replacement per this policy, and prioritizing these items for budgetary consideration;
2. making recommendations regarding departmental requests to purchase used vehicles or equipment from the VERF; and
3. recommending revisions to the replacement criteria.

C. Finance Director

The Finance Director is responsible for maintaining the VERF policy and has the authority to:

1. set the annual budget for vehicle/equipment replacements; and
2. review and propose modifications and/or replacement lists based on budgetary constraints.

D. Purchasing Agent

The Purchasing Agent is responsible for maintaining updated replacement schedules for vehicles, equipment, and I/T equipment. The Purchasing Agent also coordinates with user departments to facilitate individual replacements.

E. Town Manager

The Town Manager is responsible for approving the VERF policy and revisions thereto, and for reviewing and deciding departmental requests to purchase retired items from the VERF.

F. Town Council

The Town Council reviews and approves the list of proposed replacements during the budget process each year. They also approve the amount of contributions into the VERF.

II. Replacement Request Process

Departments will complete a Vehicle Procurement Request Form to initiate the replacement process. Requests must be submitted annually during the budget process. If the requested unit is other than a planned replacement, the user department will provide additional justification and support for the request. The VERF Committee will meet to review all requested replacements.

III. Replacement Criteria

The Vehicle/Equipment Replacement Criteria (Exhibit A) identifies the estimated life expectancy of the Town's vehicles and equipment. Age and mileage or hours are the primary criteria for replacement. The criteria are intended as a guide for the replacement decision; items meeting or exceeding the criteria are not automatically approved for replacement. Meeting the criteria makes a unit eligible for replacement, but still subject to additional scrutiny. Also, items that do not meet the criteria may still be eligible for replacement for reasons like excessive maintenance costs, or a total loss declaration by the Town's insurer.

Generally, an item that has reached the end of its economic life is traded-in or sold, rather than retained on the replacement schedule as a "handed down" unit. Items approved for purchase from the VERF and repurposed are not eligible for replacement under this policy.

IV. Replacement Funding

The VERF is an internal service fund used to account for the replacement of Town vehicles and equipment. Contributions are made to the VERF based on a replacement schedule for each item. Departments using vehicle(s) or equipment contribute funds from their operational budget into the VERF; these contributions are then used to replace the vehicle(s)/equipment, which mitigates the impact on the operating budget. The amount of annual contribution for each unit is determined as follows:

CONTRIBUTION = ITEM ACQUISITION PRICE / EXPECTED USEFUL LIFE

Example: Chevrolet Tahoe purchased for Police Department: \$38,000
Expected useful life: 4 years
Contribution = (\$38,000/4) = \$9,500/year

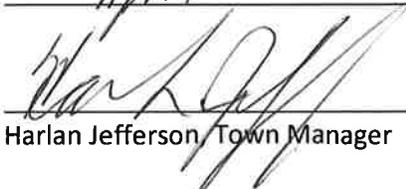
The annual contribution amount is divided by 12 for monthly transfers from the Police Department budget to the VERF via journal entry. Proposed VERF transactions are reviewed and approved as part of the Town's annual operating budget process.

- A. Proceeds from sold vehicles will be credited to the VERF, as will income earned from investment of VERF balances and all claims paid on VERF units.
- B. If a department's vehicle reaches its expected useful life but continues in service, the department will not be required to make additional payments on the vehicle.
- C. In the event that approval is received to purchase a retired or replaced vehicle or a piece of equipment from the VERF, the purchase price shall be ten percent (10%) of the original cost of the unit. This amount is intended to compensate for the loss of sale proceeds that would otherwise be deposited in the VERF.
- D. In the event that a user department has not contributed enough over the life of an item to cover the cost of its replacement, the difference in funding may be derived from:
 - 1. savings on other items being replaced according to this policy in the same department; and/or
 - 2. funds available in the department's operating budget.

This section applies to replacement items that are different in nature and more costly than the items to be replaced. It does not apply to increased costs resulting from inflation.

- E. Replacement contributions will be discontinued for units sold or retired before the expiration of their useful life.

The Town of Prosper Vehicle/Equipment Replacement Policy is hereby approved this 2nd day of April, 2015.



Harlan Jefferson, Town Manager

EXHIBIT A
TOWN OF PROSPER, TEXAS
VEHICLE/EQUIPMENT REPLACEMENT PROGRAM
REPLACEMENT CRITERIA (EXPECTED LIVES)

VEHICLE/EQUIPMENT TYPE	YEARS	MILES	HOURS
Aerial bucket trucks	10	100,000	6,000
Aerial ladder and snorkel fire trucks	15	N/A	N/A
Air compressors--trailer-mounted	15	N/A	7,500
Ambulances	8	100,000	N/A
Backhoes	10	N/A	7,500
Backhoes, tractor (trackhoes)	10	N/A	7,000
Boats	10	N/A	N/A
Chippers	8	N/A	7,500
Concrete saw	7	N/A	5,000
Crack sealer	15	N/A	6,000
Cranes, ditchers and trenchers	10	N/A	7,000
Dozers	10	N/A	7,000
Excavators	10	N/A	7,000
Fire engines, pumper tanks and quints	15	N/A	N/A
Forklifts	15	N/A	N/A
Generators	15	N/A	N/A
Hydrohammers	10	N/A	7,000
Infield groomers	5	N/A	4,000
Loaders with tires or tracks	10	N/A	10,000
Motor graders	15	N/A	7,000
Mowers, attachments	12	N/A	N/A
Mowers, riding	6	N/A	4,000
Paving equipment (asphalt trucks)	10	100,000	6,000
Sand spreader inserts	8	N/A	N/A
Sedans (including Police CID and staff vehicles)	9	125,000	N/A
Sedans, full-size (pursuit rated)	4	125,000	N/A
Sedans, mid-size (pursuit rated)	4	100,000	N/A
Street rollers	15	N/A	6,000
Stump cuttter	8	N/A	6,000
SUV (field)	8	125,000	N/A
SUV (staff)	8	125,000	N/A
SUV (pursuit rated)	4	125,000	N/A
Tractors	12	N/A	7,000
Trailers (bed, cargo, livestock, etc.)	15	N/A	N/A
Trucks, dump, 6- and 12-yards	15	50,000	7,000
Trucks, flushing	10	100,000	7,000
Trucks, pickup--field 1-ton and under	8	125,000	N/A
Trucks, pickups--staff 3/4 ton and under	10	125,000	N/A
Trucks, utility (camera, crane, dump & flat bed, pipe hunter, tree spade, vacuum)	8	100,000	7,500
Turf vehicles	6	N/A	4,500
Vans (cargo, passenger, field)	9	125,000	N/A



REQUEST FORM
Retain/Repurpose Retiring VERF Items

Date: _____
 From: _____ Title: _____
 Department: _____ Phone No: _____

REQUESTED VEHICLE/EQUIPMENT			
Description	Quantity	Value	Total
			\$ -
			\$ -
			\$ -

Account No. to Charge: _____	Total Fee: \$ -
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REASON FOR RETENTION/REPURPOSING

APPROVAL

Department Head _____	Town Manager _____
Date _____	Date _____