

Snohomish County
Fleet Services
2023 Fleet (ER&R) Supplement

As indicated in the Finance Department's 2023 Budget Instructions, "Vehicle and equipment charges (ER&R) will be rolled forward from 2022 to 2023. ER&R will provide detail rate information to all departments. Changes to update your rates need to be made in priority packages. **Departments will be responsible to revise their rates as appropriate.**"

ER&R Overview

- Total anticipated ER&R costs increased by 6% for 2023.
- Fuel costs are expected to ease slightly but remain high in 2023.
- Fleet shop labor rates remained the same from 2022 to 2023 are as follows:
 - Auto/Light-Duty/RadioShop, \$102.50/hr
 - Diesel/Heavy Equipment Shop, \$125.00/hr
 - Small Gas Powered Equipment, \$70.00/hr

ER&R Rate Basis

Replacement Reserves: ER&R rental rates are comprised of several components. A replacement cost component is based on the projected replacement cost in the year the asset is planned for replacement, billed incrementally (typically monthly) over the life of the asset. Funds collected are placed into the ER&R reserve fund to pay for future replacements. Remaining life projections are updated annually based on the most current utilization data available. Replacement timing is typically based on a miles or years threshold, and usually "whichever comes first".

Operation and Maintenance: Rates also include an O&M (operation and maintenance) component (generally a monthly or per-mile charge) based on the cost of operating and maintaining the asset (fuel, preventive maintenance, and repairs... things like oil changes, tire replacement, brake replacement, engine repairs, etc.). The 2023 O&M rate is based on 2021 quantities and expenditures for fuel, parts and labor, adjusted for 2023 prices; and is based on 2021 utilization. Using US Energy Information Administration (EIA) forecasts adjusted for Western Washington, and the County's contract discount, we are estimating fuel costs for 2023 at \$4.25/gallon for gasoline, \$4.85/gallon for diesel, and \$5.50/gallon for diesel exhaust fluid. The O&M cost for county vehicles is largely comprised of the price of fuel. Utilization is measured in terms of miles driven, and utilization projections for 2023 are based on 2021 actual utilization. **If you anticipate a change in utilization in 2023 due to project workload or increases in the services you provide, your department's budget may need to reflect that change accordingly. Please consult with Fleet Services.**

Fleet uses variable mark-ups on parts to fund the indirect costs of providing parts management services and to help cover stores and operations overhead. A fixed markup of \$0.35 per gallon on

fuel covers the cost of managing the fuel contract and accounting, and the physical management of County fueling facilities.

Motor Pool/ER&R Services

If your department uses re-renter vehicles, Motor Pool, or has department-owned vehicles that are fueled and/or maintained by Fleet Services, you will need to make appropriate adjustments to the ER&R expense budget provided in order to reflect that additional usage.

Additional or Enhanced Vehicles/Equipment

If you plan to purchase additional fleet equipment in 2023, please contact Roy Scalf, Fleet Services Director, directly (x 6061) for assistance in developing a cost estimate. Equipment valued over \$50,000 should be included in your CIP, under \$50k should be listed as "Other Capital" (see Exec. Order 08-02C, section 5.6). Additional vehicle/equipment needs should be included in a priority package from your department. For your convenience, attached is the justification form for additional/enhanced equipment. We encourage departments to review their vehicle utilization, and make use of Motor Pool vehicles before adding vehicles.

Note: It is possible that some vehicles may need to be redeployed from one department to another to reduce 2023 costs. Your department may be asked to use a redeployed vehicle rather than getting a new one to reduce the need to expend capital and to fully utilize existing resources.

If you have any questions regarding Fleet's rate structure, please call Roy Scalf, Fleet Services Director, at extension 6061, or Patrick Chen, Fleet Services Accounting Analyst at extension 6062. For questions, consultation or recommendations on new vehicles and equipment, contact Roy Scalf. For budget related questions, please refer to your budget analyst.

New and Replacement Equipment Request Form

Department/Division _____ Date _____

Contact Name _____ Phone _____

Please check the appropriate box

Equipment Type	Definitions
<input type="checkbox"/> New	Additional equipment for the Department's/Division.
<input type="checkbox"/> Replacement	Comparable or "downsized" replacement equipment or vehicle.
<input type="checkbox"/> Enhanced	Replacement equipment, but other capabilities are now requested.
<input type="checkbox"/> Renter	A vehicle replaced, but retained for temporary use.

Equipment Requirements- Check all that apply

- 2-Wheel Drive Diesel Two-Door Automobile Pickup
 4-Wheel Drive Gas Four-Door Station Wagon Flatbed
Maximum No. of Passengers _____ Sport Utility Passenger Van Cargo Van
 Equipment (Specify type _____)
Maximum Payload _____
Date Required _____ End Date _____ (Required for renters)

List other job requirement options or features desired.

Justification (Be specific regarding benefits (savings/operational) the equipment provides):

Department Approval

- Yes No

Fleet Manager Review

- Yes No

Executive Approval

Director

Fleet Manager

Additional Comments: (Fleet Manager/Executive Only)