

State Equipment Fleet Replacement

FY2018 Request: \$12,500,000

Reference No: AMD 30628

AP/AL: Appropriation

Project Type: Equipment / Commodities

Category: Transportation

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Mike Vigue

Estimated Project Dates: 07/01/2017 - 06/30/2022

Contact Phone: (907)465-4070

Brief Summary and Statement of Need:

This project is for replacement and/or refurbishment of equipment and vehicles which have reached the end of their useful life cycles, and continued conversion of vehicles to alternate fuel and related alternate fuel program expenses. Replacing assets with high operational costs or safety concerns with new assets maintains the overall health of the fleet and keeps rental rates that are charged to agencies low.

Funding:	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Total
1026 Hwy Capitl	\$12,500,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$87,500,000
Total:	\$12,500,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$87,500,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

- Sec1 Ch2 SLA2016 P7 L29 SB138 \$20,000,000
- Sec1 Ch38 SLA2015 P7 L10 SB26 \$15,000,000
- Sec1 Ch18 SLA2014 P64 L3 SB119 \$15,000,000
- Sec1 Ch16 SLA2013 P79 L15 SB18 \$15,000,000
- Sec1 Ch17 SLA2012 P136 L28 SB160 \$15,000,000

Project Description/Justification:

The State Equipment Fleet is a shared service. Its mission is to supply state agencies with a safe and effective fleet of vehicles and equipment in a manner that is economically defensible. In general, older equipment is more expensive to maintain than newer equipment. As parts and components wear out or are damaged through normal use, the annual maintenance cost of certain equipment can exceed what it costs to replace. The State Equipment Fleet tracks and monitors equipment costs closely and identifies high cost equipment to use the annual capital appropriation for replacement when it makes economic sense.

The economic life of equipment is constantly monitored to obtain the lowest life-cycle cost possible. Indefinite delay in the established replacement program can result in higher operating costs including increased risk of equipment failure and expensive repairs that are not recoverable in the remaining

State Equipment Fleet Replacement**FY2018 Request: \$12,500,000****Reference No: AMD 30628**

equipment life. The replacement program also contributes to the safety of the operators in providing the latest technological advances in the industry.

The total backlog of all replacement-eligible equipment is \$49.0 million, representing over 1,000 pieces of equipment. This project of \$15.0 million will be used to replace the most aged, deteriorated and costly equipment, some of which was originally brought into service in the 1980s and 1990s. Approximately 125 pieces of equipment will be replaced, avoiding an estimated \$1.9 million in maintenance cost increases in the operating budget. Throughout the state, replacement timelines have been extended significantly and only the most urgent replacements will be made. By every metric (age, hours of operation, and mileage), equipment is being operated longer before replacement is considered. Statewide, the planned replacement of over 500 assets has been extended and the Department of Transportation and Public Facilities' maintenance and operations components have recently extended their replacement timelines by 20 percent, generating \$2.5 million in operating budget savings.

While the State Equipment Fleet's replacement program is a much leaner program than a number of years ago, its mission remains important in tight economic times. Maintaining a healthy fleet, and replacing equipment when prudent, will drive down costs in the long run by preventing increasing maintenance costs. These savings are reflected in the rates that each agency pays to the fleet.