

## Chapter 3.15

### EQUIPMENT RENTAL AND REPLACEMENT FUND

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#### 3.15.010 Fund created—Purposes.

There is created a non-lapsing special revolving fund of the city known as the equipment rental and replacement fund. The purpose of the equipment and replacement fund shall be to establish a central agency for the control, operation and maintenance of municipal equipment and the rental of such equipment to various departments of the city and other governmental agencies at rates sufficient to meet costs of operation and to provide funds for the acquisition and replacement of equipment. Money shall be expended from the fund for salaries, wages and operations required for the repair and replacement, purchase and operation of motor vehicle equipment, and for the purchase of all equipment, materials and supplies to be used in the administration and operation of that fund. (Ord. 2124 § 2 (part), 1977).

#### 3.15.020 Administration of fund.

The equipment rental and replacement fund shall be administered by the Fleet and Facilities Manager subject to administrative authority of the City Manager or his/her designee, who is authorized to adopt administrative rules and regulations for the purpose of carrying out the provisions of this chapter. (Ord. 2124 § 2 (part), 1977).

#### 3.15.030 ~~Ownership of vehicles—Equipment rental rates—Formula.~~

The administrator of the fund shall establish a schedule of reasonable rental rates and other charges to be paid by users of the fund's equipment, materials and supplies, which shall take into consideration the costs and expenses of the following: operating supplies, maintenance expenses, insurance, depreciation, and other direct cost items; operational costs of the fund (overhead); contingency for the acquisition of additional equipment and replacement of old equipment, including shop and administrative equipment; and such other items as may be reasonable or necessary in the proper operation of the fund. The schedule shall be reviewed by Finance and City Manager or his/her designee for its approval and shall be re-evaluated and updated as necessary to reflect changes in operating, maintenance and depreciation costs.~~A. (1) Except as excluded in subsection A(2) of this section, all motor vehicles of the city of Yakima shall be owned by the equipment rental and replacement fund; and the use of such vehicles, and the payment of rental and replacement fees therefor, shall be as provided by this chapter.~~

~~(2) Vehicles operated by the airport division and office of neighborhood conservation, both of the department of community development, are excluded from the provisions of this chapter. Small engine vehicles operated by the department of parks and recreation are excluded from provisions of this chapter only insofar as they relate to Account A. Retroactive to July 1, 1980, vehicles operated by the fire department are excluded from the provisions of this chapter.~~

~~B. Rental charges for the use of said motor vehicles and equipment shall be sufficient to cover the maintenance, operation and replacement of such equipment; and the terms for the rental thereof may be on an annual, monthly, weekly or daily basis. A schedule of monthly charges shall be prepared utilizing the following formulas:~~

~~1. Account A:~~

~~Maintenance equals (total miles by vehicle type) multiplied by (maintenance cost per mile).~~

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~~Operation equals (actual fuel (gallons) usage by type of vehicle) multiplied by (current fuel cost per gallon).~~

~~2. Account B:~~

~~a. [Replacement cost (RC)] equals [Total years of service life] times [Inflation at .09 annually] times [Current cost] plus [Current cost]~~

~~b. [Salvage value (SV)] equals [.15] times [Original cost]~~

~~c. [Sinking fund monthly payment (SFm)] equals [Replacement cost] less [Salvage value] (sinking fund factor for total years of service life)<sup>4</sup> divided by [3]~~

~~Maintenance and operation charges for weekly and daily rates will be calculated by the following method: [Monthly rate] times [.23] equals [Weekly rate]~~

~~[Weekly rate] times [.2] equals [Daily rate]~~

~~D. Rental rates shall be reviewed at least annually and may be revised to meet changing costs of maintenance, operation and replacement. When an equipment unit is purchased for a single purpose or seasonal need, the department requiring the equipment unit shall pay the Account B charges monthly whether the equipment is used by that department or not, unless some other department or agency uses the equipment. (Ord. 2588 § 1, 1982; Ord. 2494 § 1, 1981; Ord. 2408 § 1, 1980; Ord. 2369 § 1, 1980; Ord. 2124 § 2 (part), 1977).~~

~~1. At a compound interest factor of 1.25 per quarter.~~

### 3.15.040 Definitions.

As used in this chapter, unless a different meaning clearly appears from the context, the following words and phrases shall have the following meanings ascribed to them:

1. "Maintenance cost" means salaries, wages, overhead, materials and other costs necessary to maintain equipment.
2. "Vehicle type" means an equipment unit, vehicle or vehicles with commonality of weight, chassis, wheel base, design and use.
3. "Overhead" means the cost of necessary facilities, maintenance equipment, interest costs and administration.
4. "Months of vehicle life" means the anticipated number of months a unit of equipment can be expected to provide useful service.
5. "Equipment~~Inflation~~" means a mechanical asset, tool, or electronic device designed and used to perform some function and to produce a certain effect or result, usually maintained by the Equipment Rental and Replacement Fund~~shall be calculated at the rate of .0075 per month.~~
6. "Original cost" means the actual cost of a new unit of equipment as determined by actual purchase or by market analysis.
7. "Replacement cost" means the estimated future cost of replacing a unit of equipment as determined by the purchase price, adjusted for inflation.

~~8. "Sinking fund" means an account established by uniform monthly deposits throughout the life of an asset which draws interest at a rate of 1.25 percent per quarter, and accumulated so that the fund will equal the replacement cost of the asset minus its estimated salvage value at the end of its projected life.~~

~~9. "Salvage value" means the residual value of an asset after the expected period of service life has expired. Salvage value shall be calculated at fifteen percent of original cost. (Ord. 2588 § 2, 1982; Ord. 2369 § 2, 1980; Ord. 2124 § 2 (part), 1977).~~

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**3.15.050     Operation and accounting~~Financial reporting system.~~**

The accounts of the equipment rental and replacement fund shall be set up and maintained in such a manner as to separately show the rental and other sources of revenue from the various departments and funds of the city, and shall make an allocation of such revenues between that required for operational costs and the amount to be set aside for the acquisition and replacement of equipment. There shall be such books, accounts and records as are necessary to control and report the financial operations of the equipment rental fund. The financial reporting system shall divide the accounts thereof into two separately designated accounts as follows:

1. Internal Service Fund 551~~Account A~~, which shall be the current operating account into which shall be placed those portions of the charges made to the departments of the city of Yakima in accordance with the provisions of Section 3.15.030 of this chapter which are specifically billed said departments to provide sufficient moneys to provide the salaries and wages, materials, overhead and other costs necessary to operate and maintain all motor vehicle equipment rented thereto. There shall also be placed into Fund 551~~Account A~~ moneys which may from time to time be made specifically available thereto by action of the city council.
2. Internal Service Fund 552~~Account B~~, which shall be the ~~sinking fund depreciation~~ account for capital recovery into which shall be placed charges made to the departments of the city of Yakima from time to time as funds are available and authorized by the city council to purchase new equipment and replace used equipment as required to carry out the purposes of the equipment rental fund. There shall also be placed in Fund 552~~Account B~~ moneys which are derived from the direct sale of any equipment or other capital assets of the fund, interest proceeds from invested funds and any moneys which may from time to time be made specifically available thereto by action of the city council. (Ord. 2494 § 2, 1981; Ord. 2124 § 2 (part), 1977).

**3.15.060     Financing and Sources of Revenue.**

The equipment rental and replacement fund shall be financed from the budget appropriations made for such purpose in the budget. Should financing prove to be inadequate for the fund's current annual outlay requirements, additional transfers of money to the equipment rental and replacement fund shall be made from the participating funds and departments until the fund becomes self-sufficient to finance a replacement purchase.

The equipment rental and replacement fund shall derive its moneys in any of the following ways:

- A. By direct appropriation in the budget adopted by ordinance;
- B. By appropriation or budgetary transfer made by ordinance from other fund or funds by the city;
- C. From proceeds received from the rental or any equipment owned by the fund to other departments, offices or funds of the city or governmental agencies; this shall include transfers from other funds or direct payment of amounts received for the use of such equipment on reimbursable projects done by the city.

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**3.15.070     New equipment.**

Whenever a department of the city ~~except for the fire department~~, declares that a new type of equipment will be required to perform the functions of that department, and the new type of equipment does not replace an equipment unit substantially the same in style and design, said department shall purchase said equipment and transfer that unit to the equipment rental and replacement fund at no charge to the fund. Thereafter, the department will be required to pay ~~Account A and Account B~~ monthly charges on the new unit of equipment sufficient to provide for future replacement. (Ord. 2408 § 2, 1980; Ord. 2124 § 2 (part), 1977).

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**3.15.080     Expenditures from fund.**

Expenditures from the equipment rental and replacement fund shall be made only for the purposes specified in Section 3.15.010 of this chapter. No expenditure shall be made from such fund unless the Yakima city council shall approve such expenditure by passing an ordinance appropriating money within the fund for the purpose for which the expenditure is to be made, or by including an appropriation for such purpose in the budget. (Ord. 2124 § 2 (part), 1977).

**3.15.090     Dissolution of fund.**

In the event of the dissolution and abolishment of the equipment rental and replacement fund by subsequent action of the Yakima city council, then all moneys deposited therein shall revert to and be deposited in the several funds and departments participating in the equipment rental and replacement fund on the basis of contributions made from

| [the participating funds and departments B-Account payments](#) to the fund during the previous [fiscal-year](#)s. (Ord. 2124 § 2 (part), 1977).