

# Fleet Replacement

## CRITERIA FOR REPLACEMENT

**Meets Replacement Criteria** – in order for an asset to become a candidate for replacement, it must meet a minimum of two of the following replacement criteria:

- 1) **Age** – the age of asset must exceed minimum projected life for the asset's class type, the historical point where the cost of ownership for this class of goods would exceed its market value.
- 2) **Usage** – the life-to-date utilization of asset must exceed minimum projected miles/ hours of operation for the asset's class type, the historical point where maintenance costs begin to escalate significantly.
- 3) **Maintenance** – total life maintenance cost must exceed minimum projected maintenance cost for the asset's class type, the historical point after which maintenance costs begin to escalate significantly. This criterion is expressed as a percentage of the item's original capital cost.
- 4) **Cost to repair exceeds value** – the cost to repair/refurbish an asset (to extend the service life for one additional year) exceeds the asset's projected residual value.

**Job function change** – due to changes in operational needs, an executive director may request the early lease termination for assets no longer needed to perform a job function of the organization. The following applies:

- 1) Written justification required.
- 2) Early rental termination fees may apply.
- 3) Additional rental charges may be required for replacement.

**Lost or stolen** – Fleet Services will provide a new similar vehicle/equipment when requested by the customer.

- 1) The user shall provide a lost or stolen report and police report to Fleet Services, Property Control and Risk Management before the replacement process may begin.
- 2) Customers may be billed an early rental termination fee.

**Accident (vehicle is totaled)** – Fleet Services will provide a new similar vehicle/equipment when requested by the customer. The following applies:

- 1) The user shall provide a police and county accident report to Risk Management before the replacement process may begin.
- 2) An independent appraisal of the unit will be scheduled. Damage estimate and market value will be established.
- 3) After being designated as "totaled" by Risk Management, normal replacement procedures will begin.
- 4) Risk Management shall reimburse the Replacement Program the current market value.