

 <p style="text-align: center;">STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES</p> <p style="text-align: center;">Policy and Procedure</p>		POLICY AND PROCEDURE NUMBER 11.05.022	PAGE 1 of 6
		EFFECTIVE DATE March 15, 2002	
SUBJECT		SUPERSEDES 11.05.022	DATED June 16,2000
CHAPTER State Equipment Fleet	SECTION Equipment Assignment, Replacement, and Disposal	APPROVED BY Signature on File	

PURPOSE

Introduction:

- A. It is the policy of the State Equipment Fleet to grant user agencies credits, under certain circumstances, for the net amount they have paid toward the replacement of an asset that is no longer needed or when net payments are in excess of the actual replacement costs. These credits are normally applied to the purchase of a different vehicle, to upgrade the replacement of a current vehicle, or to make up the shortage when net replacement amounts are not sufficient to cover the costs of replacement vehicles.
- B. The purpose of this procedure is to describe the method and process by which an agency may turn in equipment and receive credits toward other equipment purchases or upgrades.

Responsibility/Performance:

User Agencies:	Prepare Request for Credit documentation and turn-in equipment to District/Regional SEF facility.
District/Regional SEF:	Accept equipment, close the vehicle assignment, and forward the documents to Headquarters SEF.
Headquarters SEF:	Research, calculate, document, and approve equipment credits. Monitor the credit system accounting. Make credit balances available to user agencies.

Definitions:

“Z” Status Units:

These are vehicles and attachments that are still in service, have not been replaced and have reached the end of their amortization period. Units can be either wet rental (WZ), dry

rental (DZ), or non-rental (NZ). Only wet and dry status units are eligible for replacement with Highway Equipment Working Capital Fund (HEWCF) funds.

“X” Status Units:

These are vehicles and attachments for which a replacement has been received or credit has been granted, but given their mechanical condition are kept in service for additional use by the state. These units can be either wet rental (WX) or dry rental (DX).

“WN” Status Units:

This equipment may be eligible for paid in replacement credit when the unit is replaced. See Policy and Procedure 11.05.013.

Stand down:

Stand-down is a special status which may be approved by the SEF Manager in extreme cases such as budget reductions that cause reduced or no service in a unit's assigned area. The affected unit is parked and payment of operating and replacement fees abated until the final disposition is determined. Stand-down status may be granted by the SEF Manager for up to one year.

PROCEDURE

A. Eligibility for Credit.

It is the policy of the SEF that User Agencies may turn in equipment for credit in lieu of having that equipment replaced. Only equipment that is part of HEWCF and for which replacement payments have been made is eligible for credit. The amount of credit received cannot exceed that net amount that has actually been paid in. Subject to the foregoing restrictions, the granting of credits will be given in the following situations:

1. Wet or Dry status equipment that is no longer suitable for agency's mission or is at the end of its' scheduled life may be turned in for credit. These credits may be applied to a replacement unit for the purchase of more suitable equipment.
2. Equipment turned in prior to the end of its scheduled life (amortization period) will be eligible for credit for replacement monies paid to the date of the turn in for credit.
3. Replaceable units turned in that are in excess of need are eligible for credits.
4. Units in a stand-down status are not eligible for credits until they are declared excess of need and turned in.

5. Units converted to the Airport Improvement Project (AIP) Replacement Funding Program, WN status are eligible for credit only for that documented portion of their scheduled life that replacement fees were paid.
6. If a unit is replaced and the amount paid into replacement fees exceeds the cost of the replacement unit, credits will be granted for the difference in fees paid and the cost of the replacement unit.

B. Request for Credit.

To initiate the credit process, the using agency will coordinate the request through the regional SEF office. The Regional Manager will, upon receipt of the user's written request forward it to HQ SEF. The Regional Manager will be responsible for further disposal action if the unit is in excess of state needs.

C. Calculation and Granting of Credit.

SEF Headquarters will determine the amount of credit granted. Credit granted will equal the net amount of the replacement fees paid plus the book salvage value of the unit.

1. Headquarters SEF will calculate the credit amount paid in on the equipment utilizing the Equipment Management System (EMS). They will insure that all replacement fees are paid to date. The billing status in EMS will be changed to "WX" or "DX" and the credit posted in the procurement credit database.
 - a. An agency wishing to acquire a unit from SEF which has not been fully amortized may repay SEF for the equipment using funding or credits equal to the amount of credits given to the turn-in agency. Requests will be submitted through the Regional Managers and approved by the SEF Manager.
 - b. If the vehicle is excess of state needs, it will be changed to CAS status for sale and disposal.
2. Credit statements, including the current credit balance and credits obligated, will be available by calling HQ SEF.

D. Turn-in of Equipment.

1. All unit turn-ins are to be coordinated with the appropriate SEF District/Regional Manager. All unit turn-ins will be documented on the SEF Check Out/In Sheet (See attached). A memorandum from the using agency requesting credits should accompany the form. The form must reflect all asset, closed assignment, and asset change information needed for final disposition by Headquarters

SEF. The regional office will complete the closed assignment prior to forwarding the form to Headquarters SEF.

2. It is the responsibility of the User Agency to turn in units at the appropriate SEF District/Regional shop. Unless other arrangements have been made, final credit will not be granted until the unit has been physically turned in to SEF.

E. Application of Credit.

1. Once credits have been established, the agency may utilize the credits for replacement when there is a shortage of money to replace another unit; for upgrades to equipment, etc. An agency may not utilize credits to pay monthly operating costs, repairs or vehicle extras which are not normally considered a permanent part of a vehicle. Obligation takes place when a Purchase Requisition or Stock Request is sent through the SEF District/Regional Manager to Headquarters SEF stating the requested use of the credits.
2. Changes to a Purchase Requisition or Stock Request will be allowed. Request for changes will be submitted in writing to the HQ SEF and must be made prior to the Invitation to Bid being issued. Requests that result in increased costs must include either agency coding or credits will be automatically applied.
3. Agencies may only use credits to fund the initial purchase, upgrade of equipment, or to purchase an attachment.
4. Credits can be used to purchase additional above specification items that are normally considered a permanent part of the vehicle or piece of heavy equipment; i.e. diesel engine, extended cab, air conditioning, power door locks, etc.
5. Agency credits will be used to offset any unpaid agency obligations to SEF.

F. HEWCF Cash and Budget Shortages.

1. During periods of HEWCF cash or budget shortages, partial or total holds will be placed on the use for any purpose by a department of their credits. These holds will be based on the total salvage value of assigned DX and WX units in a department and the reasonable allocation to a department of a portion of the total book value of HEWCF assets in the SEF pools.
2. If the above holds are not sufficient to alleviate the cash or budget shortage all use of credits by any department will be prohibited.

IMPLEMENTATION RESPONSIBILITY

Headquarter and Regional Directors

DISTRIBUTION

All holders of the DOT/PF Policy and Procedures Manual

