

## **EQUIPMENT SERVICES DIVISION**

The Equipment Services Division is comprised of three fulltime A.S.E. (Automotive Service Excellence) Certified Master Technicians and one Part-time Data Entry Operator. The Equipment Services Supervisor supervises the Division and provides direction to personnel who are responsible for performing or providing oversight of the following functions, duties and activities:

1. Automotive repairs and maintenance of trucks, tractors, automobiles, fire apparatus and other specialized equipment, for all Village departments (except Recreation), the Glenbard Wastewater Authority (GWA) and the Glen Ellyn Volunteer Fire Company. The majority of all repairs are performed in-house (with the exception of body work and warranty work performed by the authorized dealer). This includes about 85 vehicles for the Village, 20 for the Glenbard Wastewater Authority and 15 for the Fire Company.
2. Emergency twenty-four hour road service.
3. Fuel distribution, monitoring, and underground storage tank (UST) compliance.
4. Maintenance of computerized fleet maintenance system that tracks all vehicle repairs and preventive maintenance histories as well as parts disbursements and inventories.
5. Preparation of detailed bid specifications for securing new vehicles and equipment.
6. Coordination of the legal disposition of all "out-of-service" Village-owned vehicles and equipment.
7. Acquisition of parts and processing all vendor invoices related to the Division.
8. Maintenance and servicing of all shop equipment and acquisition of approved new items.
9. Snow removal and ice control assistance, storm damage cleanup and emergency flood response, and other emergency operations.

Equipment Services is funded as an internal service fund with each operating division paying an inter-fund transfer amount to the Equipment Services Fund for services, parts and fuel based on the average prior 2 year's history. Equipment depreciation is also charged with amounts paid annually to the Equipment Services Fund in order to accumulate the financial resources needed for orderly equipment replacement when it has reached the end of its economic and/or useful life. The depreciation account does not include vehicles from the Glenbard Wastewater Authority or the Glen Ellyn Volunteer Fire Company.

### **Equipment Services Accomplishments for FY 2004/2005**

1. Equipment Services Technicians maintained their A.S.E. Certified status and re-certified in areas where required.
2. Developed preventive maintenance (PM) checklists for all new vehicles placed into service.
3. Division personnel tore down old and setup one new marked Community Service/ Police patrol pick-up truck and one new unmarked Detectives car. Equipment removed from the old marked squad cars and subsequently installed in the new units included computers

complete with mounting stations, light bars, communication radios, vehicle partitions, sirens, additional emergency lighting, trunk boxes, all decals, numerals and lettering, and other equipment as required. The new unmarked car received much of the same internal equipment as the marked squad cars.

4. As a Team, Equipment Service personnel, researched component configuration and installed new modular mobile data computer systems in 13 Police vehicles. Also, Digital Eyewitness audio/video recording systems were installed in 3 Police vehicles and G.P.S. locating systems are being installed in 13 Police vehicles.
5. Equipment Service Technicians set up a 1971 Chevrolet Camaro DARE car, which had been seized by the DuPage County Sheriff's Department and donated to the Village of Glen Ellyn. Division personnel installed vehicle graphics, emergency lighting, and a siren that was previously removed from an out-of-service patrol car. Numerous aesthetic modifications were made to the car, so that it would appeal to the youth of Glen Ellyn, who are being educated through the DARE program.
6. Equipment Service Technicians set up a Glen Ellyn Volunteer Fire Department, Fire Chief's Command Squad. Division personnel installed emergency lighting, sirens, communication radios, and other equipment as required.
7. Equipment Service personnel, set up and put into service, 2 vehicles for Glenbard Wastewater Authority. Vehicle graphics, safety warning lighting, and other necessary equipment was installed in 1 utility truck and 1 electrical van.
8. Equipment Service wrote specifications, advertised, and procured 6 vehicles through the State of Illinois bidding process or through the competitive bidding process for the Glen Ellyn Public Works Divisions. Equipment Service personnel installed vehicle graphics, safety warning lighting, safety equipment, communication radios and any equipment necessary to satisfy the needs of the department.
9. Continued laboratory analysis of lubricants used in the fleet of the Glen Ellyn Police Department and the various departments of Public Works to lower the cost of preventive maintenance and decrease downtime.
10. Required annual line-leak detection testing was performed on (1) gasoline and (1) diesel underground storage tanks.
11. Implemented and followed the established standards for the quality of repairs performed in the department and the accountability of staff time.

#### **Equipment Services Goals for FY 2005/2006**

1. Division personnel will continue to strive to improve upon its preventive maintenance programs and, through cost-effective measures, maintain the current level of services provided.
2. Preventive maintenance checklists will be periodically reviewed and adjusted according to long-term vehicle & equipment repair and maintenance histories.
3. Conduct research in conjunction and cooperation with all Village departments and divisions

for which the acquisition of new or the replacement of existing vehicles and equipment are scheduled during the fiscal year to ensure that accurate and detailed bid specifications are properly prepared. As delivery of these vehicles and equipment occur, Division personnel will install all specialized equipment and perform any other tasks necessary to place these vehicles into service.

4. Perform the annual teardown of old and setup of new police squad cars.
5. Continue to ensure that the Division's facility is in full compliance with all environmental-related laws and mandates. Reexamine all practices and procedures to ensure that the Division continues to operate in full compliance with all laws and mandates and in an environmentally safe manner.
6. Mechanic training will continue with both fee-based and free training courses offered by the National Association of Fleet Administrators (NAFA), Elgin Sweeper Company, Navistar Company, Allison Transmission, Emergency (fire) Vehicle Technician (EVT), Municipal Fleet Managers Association, Inland Diesel, etc. Emphasis will focus on Division personnel studying for and taking EVT certification tests (fire equipment) during the course of the fiscal year as well as Automotive Service Excellence (ASE) certifications.
7. Continue to perform cost effective tasks and services in an efficient manner for our customers (e.g., other Village departments and divisions) routinely and as special needs arise.

Funding contributions paid into the Equipment Services Fund by user departments are allocated for two basic purposes:

1. **Operations & Maintenance (O&M)** - To pay the costs of routine, on-going maintenance and preventative maintenance of the Village's fleet and other major equipment. These costs generally include maintenance staff salaries and benefits, parts purchases, outsourced major maintenance and fuel costs.

Total budgeted O&M costs of the Fund are contributed by user departments based on their proportionate share of costs incurred in the prior fiscal year.

2. **Equipment Replacement (funded depreciation)** - Each user pays into the depreciation/replacement account the total estimated replacement value of their equipment assets over their estimated useful/economic life. For example, a newly purchased vehicle may have an initial cost of \$20,000 and an estimated useful life of 4 years. Assuming an increase in replacement cost of 3% each year, over the 4 year estimated life of the vehicle, the expected replacement value would be 112% of its original cost or \$22,400. Based on this replacement cost, a total of \$5,600 will be deposited into the replacement account each year for the next 4 year period, at the end of which, the total replacement cost of the vehicle will be available to purchase the replacement vehicle.

During the preparation of the fiscal year 2002/03 budget, staff reviewed the funding mechanism for the Equipment Service Fund and implemented the following changes:

- The future equipment replacement cost assumption was reduced from 5% per year to 3% per year to more accurately reflect actual replacement cost experience. As a new vehicle is placed into service, it is put on a replacement schedule based on its estimated useful life. In the past, a 5% per year inflation factor was added to the original cost of the vehicle to fund its eventual replacement at the end of its useful life. After further review, it was determined that a 3% inflation factor better reflects the funding level required to purchase replacement vehicles, assuming no change in size or capability.
- In the past, the total budgeted operation & maintenance costs of the Equipment Services Fund (total budget minus vehicle purchases funded through depreciation) were allocated to other Village departments based on their usage of Equipment Maintenance services. This approach did not take into account the other revenue sources, mainly interest income and proceeds of obsolete/worn-out vehicles sold at auction when calculating required transfers from user departments. It was determined that these projected (and recurring) income sources would be deducted from the total amount required to be contributed from user departments.

**Beginning fiscal year 2003/04** - Historically, contributions from user departments into the Equipment Services Fund for O&M purposes were made in an amount which, after considering other income sources (primarily interest income and vehicle sale proceeds), would equal the total O&M budget for the upcoming fiscal year. This funding method did not contemplate any resulting surpluses in the O&M portion of the Equipment Services budget resulting from total revenues for the year collected in excess of operating expenses paid. Beginning with fiscal year 2003/04, the amount of any previous year O&M surplus will be deducted from the subsequent fiscal year's O&M contribution requirement. This will prevent the accumulation of excess cash reserve balances which are not needed.

A review of FY04 actual revenues and expenditures shown below indicates that O&M expenditures exceeded O&M Fund revenues by approximately \$245,000. This is the result of a planned/budgeted reduction of excess cash reserve levels in the Equipment Services Fund. As there was no O&M surplus in FY04, no reduction will be made to FY06 contributions from other user departments/funds.

	FY04 Actual Results		
	<u>O&amp;M</u>	<u>Replacement*</u>	<u>Total</u>
Revenues	\$395,087	\$345,400	\$740,487
Expenditures	<u>(639,855)</u>	<u>(194,517)</u>	<u>(834,372)</u>
Surplus / (Use of Cash)	<u>(\$244,768)</u>	<u>\$150,883</u>	<u>(\$93,885)</u>

*\* It is normal to experience regular surpluses or deficits in the replacement portion of the fund. This is due to the annual variability in scheduled replacements of various pieces of equipment. It is important to maintain a minimum working cash balance equivalent to at least the total accumulated depreciation contributions in the fund to ensure its long-term ability to purchase replacement equipment as scheduled.*

The calculation of O&M costs to be contributed by user departments for FY06 and the previous fiscal year are shown below:

	<b><u>FY05</u></b> <b><u>Budget</u></b>	<b><u>FY06</u></b> <b><u>Budget</u></b>
Total Equipment Services Expense Budget	\$1,027,800	\$1,355,000
Less: Vehicle Replacements (funded through depreciation)	<u>( 341,000)</u>	<u>(614,000)</u>
Amount to be Contributed for O&M	\$686,800	\$741,000
Less: Interest Income	(20,000)	(60,000)
Sale of Replaced Vehicles	(35,000)	(50,000)
Fuel Purchased by Park District	(20,000)	(30,000)
Prior Year O&M Surplus Credit	(20,400)	0
Use of Cash – O&M Reserves	<u>(279,100)</u>	<u>0</u>
Amount to be Contributed by User Departments for O&M**	<u><u>\$312,300</u></u>	<u><u>\$601,000</u></u>

\*\* This amount is then allocated to user departments based on their percentage use of the “garage” for the prior two fiscal years.

### Minimum Cash Reserve Policy

The total accumulated cash balances in the Equipment Services Fund as of May 1, 2004 was \$2,667,000. Taking into account projected cash inflows and outflows for the current 2004/05 and next 2005/06 fiscal years, the cash balance at April 30, 2006 is projected to be \$2,223,000.

Minimum cash balances for this fund should be no less than the accumulated contributions into the equipment replacement account (\$1,864,000) plus 25% of budgeted operating expenditures of the O&M component of the fund. Projected minimum cash reserves for FY05/06 are identified as follows:

Total Projected Available Cash 5-1-06	\$2,223,000
Reserve for Equipment Replacement (funded depreciation)	(1,864,000)*
Reserve for Operations (O&M) 25%	<u>( 180,000)</u>
Minimum Cash Reserve Balance Needed	<u>\$2,044,000</u>
Projected Unrestricted Cash on 5-1-06 over minimum cash reserves required	<u>\$ 179,000</u>

\* Reserve for Equipment Replacement (See Equipment Services depreciation schedule):

Beginning Balance: May 1, 2005	\$2,065,000
Depreciation Contributions: FY06	413,000
Vehicle Purchases: FY06	<u>(614,000)</u>
Ending Balance: April 30, 2006	<u>\$1,864,000*</u>