

State Equipment Fleet Replacement

FY2016 Request: \$24,600,000

Reference No: AMD 30628

AP/AL: Allocation

Project Type: Equipment / Commodities

Category: Transportation

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Jeff Ottesen

Estimated Project Dates: 07/01/2015 - 06/30/2020

Contact Phone: (907)465-4070

Appropriation: Efficiency

Brief Summary and Statement of Need:

Replacement and/or refurbishment of equipment and vehicles which have reached the end of their useful life cycles and all extension periods, and continued conversion of vehicles to alternate fuel and related alternate fuel program expenses.

Funding:	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Total
Hwy Capitl	\$24,600,000	\$24,600,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$109,200,000
Total:	\$24,600,000	\$24,600,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$109,200,000

<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 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
- Sec1 Ch5 SLA2011 P102 L8 SB46 \$18,322,600
- Sec7 Ch43 SLA2010 P37 L30 SB230 \$15,000,000
- Sec1 Ch15 SLA2009 P22 L12 SB75 \$15,000,000
- Sec10 Ch29 SLA2008 P78 L19 SB221 \$15,000,000
- Sec4 Ch30 SLA2007 P104 L6 SB53 \$15,000,000

Project Description/Justification:

The economic life of equipment is constantly monitored to obtain the lowest life-cycle cost possible. 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 equipment life. In FY2014 a large amount of heavy equipment was replaced out of cycle to reduce the high cost of operating rates in FY2015 and beyond. This action created deferment of \$6.9 million in replacement assets into FY2015 and an additional shortfall in the FY2016 replacement program of \$9.6 million. The replacement program also contributes to the safety of the operators in providing the latest technological advances in the industry.

Based on current projections, replacement payments to the Highway Equipment Working Capital

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Fund (HEWCF) by user agencies will fund this request within 2%. The remaining 2% will be made up from the sale of used equipment, projected to be \$900,000, as well as excess equipment no longer needed. Failure to replace equipment at the appropriate time results in higher operating and life-cycle costs. These higher costs are directly reflected in the operating rates of user agencies in future fiscal years.