



1.0 Authority

All state financed equipment (sign trailers, attenuators, etc.) shall upon installation become and remain the property of the county. The county will insure and maintain these units of equipment. The county shall be responsible for communicating with the equipment vendor concerns regarding any warranty items related to the equipment.

2.0 Definition of Cost

The department shall provide direct reimbursement to the county for the operation, maintenance and insurance costs of this equipment. Since no rental rate has been established for the use of the equipment, there is to be no equipment rental charged to the department. If this equipment is used on any non-state project, an appropriate rental charge (as determined by the county) is to be made, with the revenue credited back against the directly reimbursed costs paid for by the department.

3.0 Charging Policy

The county may invoice the department for the state share of operation, maintenance, and/or repair costs on the monthly invoice or annually as they are incurred. If equipment revenue derived from the non-state work is available, only the net cost of the equipment will be reimbursed by the department.

4.0 Replacement of State Financed Equipment

Once the state financed equipment is taken out of service, if the county chooses to purchase replacement equipment, the acquisition and O & M costs of the replacement equipment will be initially paid for by the county and then reimbursed by the state thru the normal equipment rate formula.

In those instances where a unit of state financed equipment is past the end of its originally projected service life, the department will recognize the substantive refurbishment of the existing unit of state financed equipment by the county as an equipment replacement. A substantive refurbishment means major repairs and maintenance. It is further defined as repairs costing in excess of the equipment's remaining residual value or typically 15% of the original purchase price of the equipment.

The county will finance the substantive refurbishment and will recover its investment by charging the state or another county a mutually agreed upon rate for the use of this equipment. This non-standard equipment rate will be determined jointly by the department and the county and is subject to normal equipment rate review by the Machinery Management Committee.

5.0 Memorandum of Understanding

The department and the county will establish and implement a written Memorandum of Understanding (MOU) defining the roles, responsibilities and terms of a state financed equipment agreement when department funds are used to acquire equipment and ownership of the acquired equipment is transferred to the county. A Memorandum of Understanding is not required for equipment purchases under \$5000.00 since these are considered small tools.

6.0 Sample Memorandum of Understanding

The attached sample MOU is a tool intended to provide guidance for preparing a Memorandum of Understanding. It provides a framework of guiding principles; including recommendations for: (a) formatting the

MOU, (b) questions to consider when generating content, (c) suggested language and recommended provisions for possible inclusion in any Memorandum of Understanding between the department and the county when state funds are used to acquire equipment, and (d) transferring ownership of said equipment to the county.

It is a sample only and it should be used like a checklist to ensure each provision is specifically discussed and considered for inclusion in an agreement. Provisions may be included, excluded, or expanded as needed. Furthermore, the wording employed in any general provisions may be tailored to the circumstances related to a specific equipment acquisition.

Highway Maintenance Manual Attachment

Sections 02-15-40 (State Financed Equipment) and 02-15-45 (State Financed Winter Maintenance Equipment)

The purpose of this attachment is to outline a general format and suggested provisions for possible inclusion in any agreements or Memoranda of Understanding between the state and a county when state funds are used to acquire equipment and ownership of this equipment is transferred to a county. It is a sample only and it should be used like a checklist to ensure each provision is specifically discussed and considered for inclusion in an agreement. Provisions may be included, excluded, or expanded as needed. Furthermore, the wording employed in any of the general provisions may be tailored to the circumstances related to a specific equipment acquisition.

Sample State-Financed Equipment Memorandum of Understanding

This Memorandum of Understanding (MOU); issued _____ is designed to establish a shared basis of agreement and procedures that the County of _____ (County) and the Wisconsin Department of Transportation (Department) agree to follow for the use, storage, and maintenance of the _____ (Equipment Type) financed by the Department and transferred for ownership purposes to the County.

Specific Provisions: this section should identify factors specific to the individual piece of equipment. (Examples are provided below.)

- Acquisition Costs _____
- Equipment ID _____
- Make/Model Description _____
- Estimated life is assumed to be _____
- Disposal date of this equipment _____
- Major refurbishment details (costs, date, etc) _____

Suggested General Provisions

- Full transfer of the above referenced equipment to _____(county) will take place at the time of delivery. However, if the county wants to dispose of this equipment prior to the end of its estimated life, the county and the region must agree on the financial terms associated with this disposal. *(Regional staff may contact the statewide bureau for additional guidance.)*
- The County will follow all relevant procedures and guidelines in the State of Wisconsin Department of Transportation Highway Maintenance Manual.
- Because the equipment was originally state financed, the department will not be charged any rate for use of this equipment.

- The Machinery Management Committee or the individual county may establish a rate for this equipment for county invoicing purposes when this equipment is used on projects off the state trunk highway system.
- The Department will reimburse the county according to the procedures established in the Highway Maintenance Manual.
- All eligible state-related expenses for this equipment will be reimbursed through the Routine Maintenance Agreement. Typical eligible expenses include but are not limited to regular maintenance, insurance, purchased storage, and minor repair. *(The county and the region may need to discuss and agree how to distribute certain costs between them.)*
- This equipment will be stored in a secure location when not in use. *(If needed, storage providing cover and protection from the weather may need to be considered.)*
- State trunk highway needs are normally given priority whenever conditions demand this equipment be employed.
- If replacement of this _____ at the end of its estimated life is desired by the county, _____ (county) is responsible for all equipment replacement costs. The acquisition, operating, and maintenance costs for the replacement equipment will be paid by the county and then reimbursed by the State through the normal equipment rate formula.
- In those instances where a unit of state-financed equipment is past the end of its originally estimated life, the Department will recognize the substantive refurbishment of the existing unit of state financed equipment by the county as an equipment replacement. A substantive refurbishment means major repairs and maintenance. It is further defined as repairs costing in excess of the equipment's remaining residual value or typically 15% of the original purchase price of the equipment.

The parties below agree that the provisions as outlined above clearly define the roles and responsibilities for usage, maintenance and repair, billing, and replacement of the _____ financed by the state and transferred for ownership purposes to _____ (county).

(County) Highway Commissioner

Date

(WisDOT) Region Highway Operations Manager

Date