



Highway Maintenance Manual
Chapter 02 Administration
Section 30 Cost Documentation
Subject 20 Annual Reporting

Bureau of Highway Maintenance
March 2012

1.0 Authority

The basis for setting machinery rental rates is found in Policy 02-25-40. Five years of cost and revenue data by class are needed.

2.0 Cost Trend Data

1. Every county shall annually complete a cost trend survey. At a minimum, this survey includes the current year prices for oil, tires, and repair parts.
2. The County Highway Department shall complete this cost trend survey by July 1st each year.

3.0 Monitoring of Quarterly Fuel Costs and Adjustment of Rates

Fuel costs will be surveyed on a quarterly basis and adjustments will be made to equipment rates when its cumulative impact is greater than a plus or minus 2% from the last quarter when rates were adjusted. These adjusted rates will typically become effective at the beginning of the first full accounting period in the new quarter. The adjustment of the rates will be automatic. The Machinery Management Committee will continue to review the quarterly survey and the fuel situation in general as it relates to equipment rates.

4.0 Net Book Value

Since 1993, a factor for cost of capital was included in the rate calculations. The calculation requires "Net Book Value" for each class of equipment listed as of 12/31/XX. Only units which have signed classification sheets should be included. "Net Book Value" is the total capitalized cost less accumulated depreciation.

5.0 Shop Payroll Information

Each year shop payroll information shall be completed and returned by April 1st.

6.0 Samples of Forms

1. Machinery Cost Trends
2. Net Book Values
3. Shop Payroll Information

7.0 Fuel Cost Projection Details

A description of the fuel projection method is attached.



Wisconsin Department of Transportation



Tommy G. Thompson
Governor

Charles H. Thompson
Secretary

Bureau of Financial Services
4802 Sheboygan Avenue
P.O. Box 7366
Madison, WI 53707-7366

February 11, 1998

FAX: 608-267-4455

TO: COUNTY HIGHWAY COMMISSIONERS

SUBJECT: Machinery Cost Trends

IMPORTANT----DATA YOU SUBMIT ON THE ENCLOSED FORMS WILL BE USED TO ESTABLISH 1999 EQUIPMENT RATES. PLEASE READ THESE INSTRUCTIONS CAREFULLY

The timetable that was approved by the Machinery Management Committee shows August 14, 1998 as the date the 1999 rate books will be available for review. In order to meet that deadline we are sending you this annual request for cost data. We are asking for costs of your **MOST RECENT PURCHASES**. We have enclosed forms with data you submitted last year. Please enter this year's data (from your most recent purchases) on these forms and return them to me by April 1, 1998.

Enter the following data on the forms in the column dated 3/1/98.

PART I. FUEL COSTS

Section

- A. In the column headed "3/1/98" enter the cost per gallon that you paid for your most recent purchase of large quantities of fuel. DO NOT INCLUDE TAXES OR HANDLING COSTS.

ANNUAL PURCHASES

Please disregard - Schedule L - in the Rate Book has been eliminated. This information is no longer needed.

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PART II. LUBRICANT COSTS

- D. In the column headed "3/1/98" enter your most recent cost of purchasing lubricants. Costs shown must be for the same "grade" of material as shown on the form last year.

PART III. & IV. REPAIR PARTS & TIRE COSTS

Based on a review by the Actual Cost Subcommittee in 1990 it was determined we needed more uniformity in the parts used to determine cost trends. In the column headed 3/1/98 enter your most recent cost for the parts you use. There are still a few blank lines for parts you may want to include.

If you want to add different tires to the schedule be sure to enter their cost both in 1997 and 1998. REMEMBER, THESE FIGURES ARE USED TO ESTABLISH COST TRENDS. WE MUST BE ABLE TO COMPARE THIS YEAR'S COSTS TO LAST YEAR'S, FOR SIMILAR ITEMS. THEREFORE, WE NEED AN AMOUNT IN BOTH COLUMNS.

Return the forms to me at the address shown below. If you have any questions you may call me at (608) 266-1577.

Sincerely,



Doug Meek
Wisconsin Dept. of Transportation
Bureau of Financial Services
P.O. Box 7366
Madison, WI 53707-7366

Enclosures

County # _____

WISCONSIN DEPARTMENT OF TRANSPORTATION
 COST TRENDS FOR _____ COUNTY

PART I. FUEL COSTS

(Do Not Include Taxes or Handling Costs)

A.

COST PER GALLON	as of	3/1/98	3/1/99	3/1/00	3/1/01	3/1/02
Gasoline						
Diesel						

ANNUAL PURCHASES (B. AND C.)

B. TOTAL GALLONS PURCHASED IN

	1998	1999	2000	2001	2002
Gasoline					
Diesel					

C. COST OF TOTAL GALLONS PURCHASED IN (Do Not Include Taxes or Handling Costs)

	1998	1999	2000	2001	2002
Gasoline					
Diesel					

PART II. LUBRICANT COSTS

(Must be for the Identical Grade Material From One Year to the Next)

COST	as of	3/1/98	3/1/99	3/1/00	3/1/01	3/1/02
Oil - Per Gallon						
Grease - Per Pound						
Antifreeze - Per Gal.						

County # _____

WISCONSIN DEPARTMENT OF TRANSPORTATION
 COST TRENDS FOR _____ COUNTY

PART III. REPAIR PARTS COSTS

(Your Cost Per Part)

ITEM	Part No.	3/1/98	3/1/99	3/1/00	3/1/01	3/1/02
Grader Blade 6'						
Grader Blade 7'						
Plow Blade						
Sealbeam						
Starter						
Alternator						
Oil Filter						
Air Filter						
Brake Shoe						

PART IV. BATTERY & TIRE COSTS

(Your Cost Per Tire/Battery)

Battery/Tire Size (Incl.)	3/1/98	3/1/99	3/1/00	3/1/01	3/1/02



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FAX: 608-267-4455

TO: COUNTY HIGHWAY COMMISSIONERS

Subject: Request for Net Book Value of Classified Equipment

Based on a decision by the Machinery Management Committee in 1993, the Rate Calculations for Classified Equipment include a cost of capital factor.

In order to calculate this cost of capital, we need your "Net Book Value" for each class of equipment listed on the attached sheets as of December 31, 1997. Please include net book values for only those units for which you have a signed classification sheet. If you do not have a certain class of equipment listed, leave it blank. "Net Book Value" is the total capitalized cost less accumulated depreciation.

We will be using this information to figure the cost of capital percent to be applied to the 1999 rate calculations by class.

If you have any questions please call me at (608) 266-1577.

Return by April 1, 1998.

Sincerely,

Doug Meek
Wisconsin Dept. of Transportation
Bureau of Financial Services
P.O. Box 7366
Madison, WI 53707-7366

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Net Book Values
As of 12-31-97

_____ County

Class	Net Book Value 12-31-97	Class	Net Book Value 12-31-97
101	\$	209	
102		214	
103		215	
104		216	
105		217	
106		218	
110		219	
111		221	
112		223	
114		302	
116		305	
117		306	
118		307	
119		308	
120		321	
202		323	
203		392	
204		401	
205		402	
206		403	
207		410	
205		402	
208		411	



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TO COUNTY HIGHWAY COMMISSIONERS

Subject: Request for 1997 Shop Payroll Information

Fill in the year-end hourly wage for the last two years. If you have an employee who started sometime during the year and their hourly wage changed by the end of the year you may include that person's hourly wages. This data is used to figure the labor portion of the inflation factor used in the calculation of Equipment Rates.

If you do not fill in both columns for hourly wage the information cannot be used. In order to calculate an inflation factor, BOTH columns for hourly wage must be filled in.

If you have any questions please call me at (608) 266-1577. Return the attached form by April 1, 1998 to:

Doug Meek, Wis. Dept. of Transportation
Bureau of Financial Services
P.O. Box 7366
Madison, WI 53707-7366

Sincerely,

Doug Meek

Enclosures

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Shop Labor Wages
(Full Year Employees)

County: _____

Shop Employee	Job Description	Hourly Wage 12/31/96	Hourly Wage 12/31/97

Phone: _____

Person to contact concerning above data

Monitoring of Quarterly Fuel Costs and Adjustment of Rates

As detailed in Highway Maintenance Manual, Chapter 2, Section 30, Subject 20 (Annual Reporting), statewide fuel costs are surveyed quarterly. In order to be included in the quarterly survey, individual county responses need to be forwarded to the Department by the 15th of the month following the end of the quarter (April 15th, July 15th, and October 15th).

When survey results indicate a change in fuel costs has impacted equipment rates by more than two (2) percent, either plus or minus, an automatic rate adjustment is made. This adjustment is made effective either at the beginning of the first month following the reporting of the survey results to the Machinery Management Committee or the first full accounting period closest to that month start. Typically, this will occur between 10 to 15 days following the meeting of the Machinery Management Committee.

The adjustment of equipment rates is made as follows:

The fuel projection for the current year is revised to reflect the actual fuel cost increase or decrease supported by the fuel survey results provided.

The Cost Trend or Inflation Projection for fuel is then effectively increased or decreased (Fuel costs as percentage of total operating costs multiplied by actual fuel survey results.)

A comparison of the originally projected cost trends used in the rate formula with the revised trends based on reported costs from the quarterly survey determines the impact on the individual rates and whether an adjustment is triggered. (For example, in the first quarter of 2011, the actual fuel survey detailed a cost increase of 19.7 % over projections, compared to original fuel projections of 5.02%/ Since fuel represents 16.96% of total operating costs, the revised cost trends totaled 4.17%, compared to the original rate formula calculation of 1.68% - a difference of 2.49%.)

If an adjustment is triggered, the revised cost trend percentage is now used within the rate formula, effectively revising the adjusted cost per hour over the 5-year period and the average 5-year cost per hour.

Consistent with Machinery Management Committee policy, only certain larger fuel using equipment classes are adjusted. There is no adjustment for any non-fuel using equipment classes (like snow plows, etc.). Rate changes are published on the DOTNET and these DOTNET published rates take precedent if and when there is any confusion regarding differences in rate tables.