Forest Service Handbook
National Headquarters - Washington Office
Washington, DC

Forest Service Handbook 6509.11f – Working Capital Fund Accounting Operations Handbook
Chapter 30 - Fleet Program

Amendment: 6509.11f-2017-1

Effective date: September 14, 2017

Duration: This amendment is effective until superseded or removed.

Approved by: Antoine L Dixon, Chief Financial Officer

Date approved: August 29, 2017

Responsible Staff:

Last Change: Amendment 6509.11f-1996-1 to 6509.11f, 20 Contents

Superseded Document(s): 00--1 thru 08--2, Amend 5, March 1986; 10, Amend 5, March 1986; 30--1 thru 38.23e, Amendment No. 5, March 1986; 40 thru 48.22, Amendment No. 5, March 1986; 50 thru 58.43, Amend 5, March 1986; 70 thru 75.1--4, Amend 5, March 1986; 80 thru 83.4--18, Amend 5, March 1986; 90--1 thru 94--55, Amend 5, March 1986

Digest: Following is an explanation of the changes throughout the directive by section.

Zero Code: This amendment removes obsolete chapters from the directive system as this Direction was incorporated into FSM 6580, and reserves codes and captions for future use.

10: Removes and reserve chapter 10 “Accounting System”.

30: Recodes, revises and renames the chapter title from “Equipment Rental Service” to “Fleet Program” and sets forth additional direction throughout the chapter.

40: Recodes, revises and renames the chapter title from “Equipment Maintenance Service” to “Aircraft Program” and sets forth additional direction throughout.

50: Removes and reserve chapter 50 “Supply Service”.

70: Removes and reserve chapter 70 “Adjustments”.

80: Removes and reserve chapter 80 “Report and Management”.

90: Removes and reserve chapter 90 “Data-Entry System”.

Table of Contents

30.2 - Objective

The objective of the Fleet Working Capital Fund (WCF) program is to provide efficient and effective fleet equipment in a safe mechanical condition at a reasonable rate to the Forest Service programs. The fleet program purchases or leases, operates, and replaces equipment on a planned basis, and then makes the equipment available to Forest Service programs at cost of doing business. On the operational end where day to day activities need to be further outlined for staff function, standard operating procedures (SOPs)/Desk Guides may be developed in concert with this directive and all applicable rules and regulations. Additionally, any SOPs/Desk Guides created must reference the related directive(s) and must be approved by appropriate Staff Area Director. They must also outline the key control activities expected of that program/functional area in accordance with the GAO Green Book.

30.3 - Policy

To purchase or lease, operate, and replace equipment on a planned basis, and then make the equipment available to Forest Service programs at the cost of doing business.

30.4 - Responsibility

30.41 - Albuquerque Service Center - Budget & Finance

The Albuquerque Service Center-Budget and Finance (ASC-B&F) Staff is responsible for:

1. Providing WCF Fleet Rate Calculation templates (see sec. 33) to all Regions/Units for completion.

2. Calculating, reviewing, and approving rates annually that will be used by the WCF Fleet program to charge to the Forest Service programs.

3. Entering the final rates into the required Fleet Property Management System used to capture the WCF fleet inventory by October 15 of each fiscal year.

4. Providing necessary cost and accounting data to the WCF Regions, Stations, the Area, and National Fleet Managers to facilitate necessary cost-benefit analysis to help in determining lease versus buy options when replacing equipment.

5. Providing a 5-year replacement plan for all Unit-owned vehicles.

6. Calculating Albuquerque Service Center, Washington Office, and Regional overhead as part of the rate calculation process.

7. Processing timely obligations for projected expenditures for orders placed through the General Service Administration (GSA) ordering process.

8. Creating shorthand codes for revenue and expenses, including asset specific shorthand codes.

9. Processing accounting adjustments in order to ensure the balances between the Fleet Property Management System and the general ledger are in balance.

30.42 - Forest/Unit Fleet Program Manager

Specific responsibilities of a Forest or a Unit Fleet Program Manager are summarized in FSM 7130.43, Fleet Equipment Management.

30.43 - Regional/Station/Area (RSA) Fleet Program Manager

Specific responsibilities of a RSA Fleet Program Manager are summarized in FSM 7130.42, Fleet Equipment Management.

30.44 - National Fleet Program Manager

Specific responsibilities of the National Fleet Program Manager are summarized in FSM 7130.41, Fleet Equipment Management.

31 - Fleet Acquisition

The request for new or replaced vehicles must be initiated by the Forest Supervisor or the District Ranger to the Forest/Unit Fleet Program Manager. The request advances from the Forest/Unit Fleet Program Manager to the RSA Fleet Program Manager. Once the request reaches the RSA Fleet Program Manager, he or she shall verify utilization of the Forest Service Vehicle Allocation Methodology (VAM) and Total Cost of Ownership/Lifecycle Analysis (TCO Model to identify vehicle acquisition and replacement requirements. The RSA Fleet Program Manager evaluates the driving conditions, frequency of use, number of passengers, and amount of cargo to be towed or transported in order to determine the most efficient size, capacity, number, and type of replacement vehicles required to complete the Forest Service mission (see FSH 7109.19, ch. 10, Fleet Equipment Management Handbook).

31.1 - Vehicle Allocation Methodology and the Total Cost of Ownership/Lifecycle Analysis Model

1. Vehicle Allocation Methodology (VAM). The VAM takes into consideration the requirements for different types, sizes, and configurations of vehicles based on mission requirements, geography, topography, and climate. The VAM provides guidelines for determining whether a vehicle is fully utilized. These guidelines include checklists for the appropriate size and type of vehicle and requires annual monitoring for fuel consumption. When a vehicle is fully utilized and eligible for replacement, the VAM requires that the vehicle meet either the minimum annual mileage/hour total or minimum utilization based on the percentage of workdays. All fleet additions and all upgrades must be documented and approved in the VAM. Upgrade costs exceeding 10 percent of newly capitalized value (replacement in-kind) must be paid by project funds (see 7109.19, sec. 11.11, Standard Replacement Criteria). These costs may be offset by documented downsizing or excessing the vehicle elsewhere in the Region/Station/Area (RSA) or Unit, at the discretion of the RSA Fleet Manager.

2. Total Cost of Ownership/Lifecycle Analysis (TCO) Model. The TCO Model analysis is conducted for the replacement of appropriate vehicles. The Model must compare the total cost of purchase/ownership to the total cost of leasing the identical vehicle(s) from GSA and document the most cost effective vehicle purchase option. The Unit Fleet Program Managers shall document the result and present it to the RSA Fleet Program Managers, who will coordinate with the National Fleet Program Manager for approval.

31.2 - Purchase/Lease of Equipment.

If it is determined that it is more cost effective for the Forest Service to lease equipment or vehicles, the Forest Service will utilize the lease services provided through the General Services Administration (GSA) for vehicles and equipment available with GSA. Vehicles and special equipment that are not available with GSA may be leased from outside sources as applicable.

If it is more cost effective to purchase the vehicle, the vehicle will be purchased using the appropriate WCF funds. After the purchase of the equipment, if any special modifications need to be made to the vehicle, a Unit shall submit a project request and donate funds to finance the purchase of modifications for placement into the WCF. The donated funds are then used to fund the modifications. If the modifications are for orders placed through the Integrated Acquisition System (IAS) ordering process, the request must be approved by Acquisition Management (AQM) and the Agency designated acquisition system http://fsweb.asc.fs.fed.us/bfm/programs/financial-operations/payments/ias/.

After the initial purchase, in order to fully recover the costs of maintaining the vehicle, each Unit who requires the use of the equipment will be charged a monthly Fixed Ownership Rate (FOR) and USE rate (see sec. 35).

32 - Rate Development

The WCF program areas should operate through full cost recovery. Additionally, the WCF Fleet must account for all operations and maintenance costs for facilities whose primary purpose is for a WCF program. Applicable costs (both fixed and variable) must be recovered by the WCF program area through Fixed Ownership (FOR) and USE rates. The methodology and calculations developed must be reliable, complete, applied consistently, and must withstand audit scrutiny. In order to ensure full cost recovery, the ASC-B&F shall calculate annual rates based on estimated expenses and revenue figures provided by the RSAs to ASC-B&F. Each local Unit may utilize any business process improvements to create efficiency in the calculations of these rates with approval of all affected staff areas. For example, Cost Pools, as applicable, may be used to fund fleet related facilities maintenance at a Regional level, as opposed to a more detailed allocation process to capture these costs at the Unit level. The information is utilized when calculating the rates charged for fleet usage. After rates have been calculated, the Cash Flow analysis must be performed and a determination of the rates is made based on this analysis:

1. Fixed Ownership Rate (FOR).

2. USE Rate.

3. Cash Reserve Analysis.

32.1 - Fixed Ownership Rate (FOR)

The FOR is a monthly rate established to recover the fixed costs of using the WCF asset and for maintaining fleet equipment availability. In each case, there are certain programs that require the availability of the equipment at a particular location, and in most instances, the nature of the program requires a certain type of vehicle or equipment. Documentation must be maintained to support rate calculations of the FOR.

One job code is charged to the Unit holding the equipment at the beginning of each month. The job code charged by the Unit is provided by a Budget Analyst. When the FOR is collected, the project job code shows an expense and the WCF job code shows the collection. If the equipment is transferred to a different Unit during the month, the Unit who held the equipment on the first day of the month is charged the FOR rate. Therefore, only one Unit will pay the FOR for each month. The FOR rate is charged whether a Unit operates the equipment or not.

Equipment that has been replaced and is only used seasonally is referred to as Status 3, or “holdover” equipment. For Status 3 vehicles, the FOR rate must be charged for a minimum of 4 months per fiscal year. These vehicles have been fully depreciated, but a management decision has been made to hold on to the vehicles beyond their useful life. The FOR rate is charged to ultimately recoup the replacement cost and program management costs.

Examples of Fixed Costs include, but are not limited to:

1. <u>Program Management Costs</u>.

    a. Cost of salaries as appropriate for employees to perform work that is directly related to the management of WCF-owned and -leased vehicles and equipment. This includes Unit, Regional, ASC-B&F, and Washington Office level employees.

    b. Travel costs for employees to support the direct management of a WCF fleet.

2. <u>Estimated Replacement costs</u>. Provides funding to purchase in-kind replacement vehicles and equipment based on the life cycle and increased replacement costs for fleet vehicles and equipment.

32.2 - USE Rate

The USE rate (cost of gasoline, oil change, car wash, and so forth.) recovers the variable costs associated with the operation and maintenance of fleet equipment. Variable costs increase with increased utilization of the equipment; therefore, the use rate is chargeable only for actual use of the equipment (miles and/or hours). The average of the last 3 fiscal years’ mileage and maintenance costs are used to determine the USE rates.

In cases where the asset has been used by several projects during the month, each project can be charged for USE. Each project is responsible for paying the associated usage rates. The job

code(s) charged by the Unit are provided by a Budget Analyst. The Project job code(s) shows the expense, and the WCF job code(s) shows the collection.

Examples of Variable Costs that are used in the USE rate calculations include, but are not limited to:

1. Fuel and Lubricants.

2. Maintenance and Repair Costs.

3. Inspections.

32.3 - Cash Reserve Analysis

An annual analysis including a 5-year projection of the forecasted income and expenditures must be accomplished for each WCF Region to identify the operating fund balance reserve amount for each year. An inflation factor must be used as part of the forecasted income and expenses in the cash flow analysis. The methodology and calculations developed by ASC-B&F for all Forest Service specific percentages must be reliable, complete, applied consistently, and must be able to withstand audit scrutiny. The methodology is then documented and retained on file for 5-years (see FSH 6209.11, sec. 42, File Designation and Retention Periods). The excess amount in reserve may be adjusted through rate adjustments or additional acquisitions and the percentage of reserve held must be justified (see FSM 6580.3.3). Excess reserve fund (cash) balance amounts not adjusted through annual rate adjustment or additional fleet acquisitions analysis may be withdrawn from the WCF Fleet program to prevent abuse and to eliminate unnecessary cash balances.

32.4 - Consistent Rate Calculation Approach

All Regions shall follow an established and consistent methodology for calculating the FOR and Use rates. The costs that should be included in the FOR and USE rates are outlined in sections 32.1 through 32.2. Based on Unit/Regional differences or unique circumstances, additional costs may be applied in calculating the rates.

Rate and Cash Flow Analyses are to be performed annually with the possibility of rate adjustment actions taken to ensure full cost recovery for services rendered, adequate cash flow reserve for continuing operations, and to prevent excess cash balances in the WCF program.

33 - Data Call by ASC-B&F

Each Region/Unit provides the following information to the ASC-B&F so that the final rates can be calculated by October 15th of the next fiscal year. This data will be used to determine the FOR and USE rates for the upcoming year.

1. <u>5-year Replacement Plan</u>. Each RSA Fleet Program Manager shall notify ASC-B&F annually of their anticipated replacement budget. RSA Fleet Program Managers will use Unit replacement plans and the 5-year Replacement Plan to identify funding needed for replacements of fleet vehicles and equipment on each of the Units within their Region(s).

Unit Fleet Program Managers will identify all vehicles and equipment that are eligible for replacement each fiscal year and will coordinate with the RSA Fleet Program Manager to identify the priority replacements within the annual replacement budgets. Fleet equipment should be replaced when it is no longer economical to continue operating and have also exceeded the minimum replacement standards and guidelines.

2. Form FS 6500-30 - Income Statement Template. ASC-B&F will populate the form FS-6500-30 with the actual expenditures from the previous fiscal year by reporting category. The Units shall populate the form for the estimated expenditures for the next fiscal year using the 5-year Replacement Plan and current year replacement plan estimates. The types of costs included in this form are Gasoline and Operations Costs, Fixed Managerial Costs, Replacement Expenditures, and Cost of Equipment Sales, and so forth. The template can be found at https://ems-team.usda.gov/sites/fs-asc-wcf/SitePages/Home.aspx.

3. Data Template. The annual replacement Data Template includes each WCF Equipment rate class by Region, Station, and Area, estimated replacement cost per Standard Item Number (SIN) within each equipment class, depreciation factor per equipment class, and miles per gallon (MPG). The depreciation factor represents the percentage of the vehicle that is expected to depreciate and not be collected via the FOR rates. For example, if the Deprecation factor for a certain class of equipment is 75 percent of the acquisition cost, then 25 percent of the acquisition cost is expected to be collected through the eventual sale of that equipment. The Depreciation Factor and the MPG provided by Units must represent the industry standard. The template can be found at http://fsweb.asc.fs.fed.us/bfm/programs/financial-operations/property-wcf/wcf/UsefulRSAInfo.php.

ASC-B&F shall calculate the rates using the data call information for each RSA and provide a cash flow analysis based on the FOR and USE rates. The cash flow analysis and the USE and FOR rates are provided to the Units for adjustment/recommendations. Any changes by RSAs must be approved by ASC-B&F. After ASC-B&F and RSAs agree on the rates, ASC-B&F shall input the FOR and USE rates into the official Agency fleet data system of record.

34 - Reporting

The Agency fleet database of record has the capability to report vehicle/asset level data (VLD) for three different ownership types of equipment: Agency-owned, project-owned, and leased. Reporting from the Washington Office for agency-owned vehicles or equipment-leased are reported in Federal Automotive Statistical Tool (FAST). The Federal Automotive Statistical Tool (FAST) is a Web-based reporting tool managed and funded by the General Services Administration Office. FAST collects all Federal fleet information based on regulatory requirements. FAST data collection covers all vehicles operated by all Federal agencies. This Tool is used to submit Standard Form 82, Agency Report of Motor Vehicle Data, and it includes fuel consumption and age of the vehicle.

35 - Fleet Equipment Capitalization, Repair, Transfer, and Disposal

All costs of acquiring fleet vehicles and equipment of $25,000 or more must be capitalized and depreciated monthly over the life of the asset. The capitalization threshold is $25,000, which includes upgrades and improvement to fleet in the WCF. Although the capitalization threshold for the Agency property is $25,000, all equipment with an acquisition cost of $5,000 or greater must be accounted for in an official data system of record. FOR and USE rates are required for all WCF Fleet equipment costing $5,000 or greater. All assets less than $25,000 must be expensed at the time of purchase.

All decisions to acquire, transfer, donate, or lease fleet vehicles and equipment from WCF require written approval from the Regional Foresters, Station Directors, and the Area Director (RSA Level)/Director of Engineering or equivalent.

For acquisition of new equipment, the purchase price plus the cost to get the fleet ready for service is capitalized if it meets the $25,000 threshold. The purchase of used fleet vehicles and equipment for donation into WCF is not encouraged. Zero cost is not an acceptable justification to acquire used vehicles and equipment because these assets often require extensive repairs and/or maintenance. Used fleet vehicles or equipment being considered for purchase and/or donation must have a minimum of 60 percent useful life remaining, be in good operating condition as determined by a journey-level mechanic, and be identified as an acceptable investment of funding based on financial analysis. For leased vehicle and equipment not in the WCF, the General Services Administration (GSA) Cost Accounting Guide (http://www.gsa.gov/portal/content/104160) is followed. The Regional Fleet Program Managers shall approve any modification, addition, or deletion of options or accessories to a WCF vehicle. GSA and the Regional Fleet Program Managers shall approve any addition, modification, or deletion of options or accessories to a GSA-leased vehicle.

The Regional Director of Engineering shall approve any modification, addition, or deletion of options or accessories to a WCF vehicle provided by the original equipment manufacturer (OEM). A GSA local Fleet Service Representative (FSR) shall approve any addition, modification, or deletion of options or accessories to a GSA-leased vehicle. Detailed economic analysis performed by the RSA Fleet Program Manager will determine if the cost of extending the life of a vehicle or piece of equipment is less than the cost of a new vehicle or piece of equipment. This must be approved by the Regional Forester, Station Director, and Area Director (EM 7130-4, Forest Service Desk Guide for Fleet Management).

For acquisition of equipment valued between $5,000 and $24,999, the costs must be expensed and not capitalized. FOR and USE rates must be calculated. Though this equipment is expensed, and the depreciation expense on the equipment is not calculated, the Deprecation Factor is still included in the FOR calculation.

Fleet vehicles and equipment that are in excess of the RSAs needs, must first be considered for placement in another Region. If the asset cannot be relocated, it must be reported as excess property to GSA (see parts 41 CFR 102-36 and 102-37). GSA will coordinate with the RSA Fleet Program Manager to dispose of the property, giving priority first to transferring it to another Federal agency, next to donating it as surplus property, and finally to selling it to the public as surplus (41 CFR 102-33.265).

Equipment placed in Accountability Status 7 has been transferred to another Unit. The Unit that the equipment is being transferred to shall accept the costs associated with a transfer of assets. Once the Unit accepts the final transfer of equipment, the FOR and USE rates will be charged by the Unit to which the equipment was transferred to.

Equipment that will be disposed of will be placed in Accountability Status 8. License plates must be removed, and all accounting in data systems must be updated accordingly. The collections on the disposals are deposited into the WCF program. For rates calculation, estimated sales collections are included as a part of the Cash Reserve Analysis.