



1.0 Authority

Under s. 84.07(2)(a), Wis. Stats., “when any county or municipality maintains the state trunk highways within or beyond the limits of the county or municipality, including interstate bridges, in compliance with the arrangement with the department, the department shall pay the actual cost of the maintenance, including the allowance for materials and the use of county or municipal machinery and overhead expenses agreed upon in advance.”

The Wisconsin Department of Transportation (WisDOT) provides the reimbursement mechanism to provide counties the funding for any machinery and equipment used for the purpose of maintaining state highways and interstates.

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

2.0 Definition of Cost

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

3.0 Charging Policy

The county may invoice WisDOT 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 is reimbursed by the department.

4.0 Replacement and Substantive Refurbishment of State Financed Equipment

When the county and the state mutually agree on the state financed equipment being taken out of service, and the county chooses to purchase replacement equipment, the county will pay for the acquisition, operation and maintenance costs of the replacement equipment. WisDOT shall then reimburse the county through the normal equipment rate formulas.

When a unit of state financed equipment is past the end of its originally projected service life and has been substantively refurbished, WisDOT recognizes the substantive refurbishment of the existing unit of state financed equipment by the county as an equipment replacement. A “substantive refurbishment” is defined as major repairs and maintenance to the equipment in which repair costs are in excess of the equipment’s remaining residual value, or typically fifteen percent (15%) of the original purchase price of the equipment.

The county will finance all substantive refurbishments and recover its costs 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 WisDOT 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 (MOU)

The attached sample Memorandum of Understanding (MOU), provides guidelines, and a framework of guiding principles; including recommendations for:

- Formatting.
- Considerations when generating content,
- Recommended provisions for an MOU between the department and the county when state funds are used to acquire equipment.
- Transferring ownership of said equipment to the county.

The sample MOU is 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. General provisions may be tailored to the circumstances related to the acquisition of specific equipment.

Attachment

References: HMM Sections 02-15-40 (State- Financed Equipment) and HMM 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 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. This sample MOU is 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. General provisions may be tailored to the circumstances related to the acquisition of specific equipment.

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 State of Wisconsin and transferred for ownership purposes to the County.

Section I. Specific Provisions: Identify factors specific to the individual piece of equipment.
(See Examples below.)

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

Section II. General Provisions

- (a) Full transfer of the above referenced equipment to _____ (name of 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 Bureau of Highway Maintenance for additional guidance.)*
- (b) The county will follow all relevant procedures and guidelines in the State of Wisconsin Department of Transportation Highway Maintenance Manual.
- (c) Because the equipment was originally state financed, the Department will not be charged any rate for use of this equipment.
- (d) The Machinery Management Committee or _____ County, (name of 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. Equipment revenue derived from the non-state work, should be credited back to a current WisDOT invoice.

- (e) The Department will reimburse the county according to the procedures established in the Highway Maintenance Manual.
- (f) All eligible state-related expenses for this equipment will be reimbursed through the agreed upon 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 should discuss and agree how to distribute certain costs between them.)*
- (g) This equipment will be stored in a secure location when not in use. *(If needed, storage providing cover and protection from the weather should be considered.)*
- (h) State trunk highway maintenance needs are normally given priority whenever conditions demand this equipment be employed.
- (i) If replacement of this _____ (equipment type) at the end of its estimated life is desired by _____ County (name of 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.
- (j) 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 fifteen percent (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 _____ (Equipment Type) financed by the State and transferred for ownership purposes to _____ County (name of county).

Signed By:

(County) Highway Commissioner

Date

Typed Name of Highway Commissioner: _____

(WisDOT) Region Highway Operations Manager

Date

Typed Name of Region Operations Manager: _____