



**Highway Maintenance Manual**  
**Chapter 02 Administration**  
**Section 25 Cost Invoicing**  
**Subject 75 Composite Rates**

**Bureau of Highway Maintenance**  
**October 2024**

### **1.0 Authority and Purpose**

The Machinery Management Committee has authorized the use of an alternative method of charging specific components of a winter maintenance unit, referred to as "composite rates".

The purpose of composite rates is to simplify recordkeeping by reducing the complexity of gathering accurate reports of time for each individual component piece of a winter maintenance unit used. Because various components are normally used intermittently, the ability to collect such information at this level of detail is cumbersome and may threaten the integrity of the data. Composite rates are based on an average utilization within the scope of winter operations to substitute for such detailed data capture.

Using standard rates in lieu of these composite rates, operators are expected to report the actual time: (a) the truck is operated, (b) the front mounted plow is being used to push or scrape snow or ice, (c) the wing or wings are being used to move material, (d) the spreader is being operated, and (e) the underbody plow (if applicable) is being used.

Annual election of composite rates must be completed by counties each year and approved by region maintenance supervisor and BHM.

Annual election request form for composite rates is found in MPM and must be submitted by counties and approved through MPM by December 31<sup>st</sup>. No exceptions will be allowed to this date.

Under this method, winter maintenance attachments (spreaders, plows, wings, and underbody blades) are charged for the same number of hours as the truck to which they are attached, when that truck is performing winter maintenance activities. For this purpose, winter maintenance activity is limited to Activity Code 071 (Plow & Apply Chemicals) and Activity Code 073 (Apply Liquid Anti-Icing Chemicals). See HMM 02-25-01 for details on the activity codes.

Under this election, counties are required to charge composite rates for all winter maintenance operations not just state winter operations.

### **2.0 Rate Calculation**

The rates used for winter attachments in the composite rate method are calculated to approximate the same total revenue as the standard charging policy.

### **3.0 Revenue Guarantee**

There are benefits resulting from simplifying the charging and time keeping process. The department shall guarantee each participating county, however, this guarantee provision only applies to the first year following a county's initial election to use composite rates instead of standard rates.

The hours chargeable to the department for composite units will equal the prior year's hours or a multiyear average of hours. Any eligible participating county that has not accumulated the guarantee hours, shall be eligible for payment equal to the difference in the number of hours charged and the guarantee hours, multiplied by the composite rates for applicable units. The applicable units shall be determined in the proportion those units represent in the actual hours for charges by the county.

An exception to the guarantee provision excludes any county that has chosen the special provision, "Actual Cost Provision", also titled Policy 02-30-60, from participation in this guarantee provision.

### **4.0 Equipment Costs**

Equipment costs shall be maintained separately for all attachments, regardless of the election regarding composite units.