

## MACHINERY MANAGEMENT COMMITTEE MINUTES

Elizabeth Inn, Plover  
Friday, February 19, 2010

**Item 1.** Called to order at 10:00am. by Chairperson Tom Dahlke

**Item 2.** Roll Call

**Members in Attendance:** Dallas Cecil, Green county; Darin Carignan, Sauk County; Gary Sipsma, Vickie Galich, Kenosha County; Pat Scanlon, Oconto County; Tom Dahlke, Waushara County; Cassandra Lang, Marathon; Keith Back, LaCrosse County; Diane Prenot, Buffalo County; Randy Scholz, Lincoln County; Crystal Wells, Langlade County; Ed Wundrow, Rusk County; Mark Woltmann, Douglas Meek, WisDOT

**Others in Attendance:** Wayne Sleger, Manitowoc County; Amy Cisar, Oconto County; Jeff Koppa, Marathon County; Kris Carlin, Waupaca County;

**Item 3. Approval of January 21, 2010 minutes**

**Item 4. Approval of agenda**

- Other additions to the agenda or discussion items for today
  - 9a) GPS/AVL and Tow Plows; and
  - 9b) Class 712 Pavers

**Item 5. Presentation of an administrative rate calculation based on a 5-year average and discussion of potential changes from the current approach, including a county specific method.**

Mr. Meek explained the current annual rate calculation, as net administrative costs of the highway department divided by the total maintenance and construction effort of the highway department. While an individual county rate is calculated, the current methodology establishes one statewide rate based (currently 4.04 %.) FHWA has agreed to this methodology, but has discussed a possibility of individual county rates for reimbursement. He further explained this is applied on total project costs (labor, fringe, equipment and materials). Because of its sensitivity, it is not always applied to non-State work. He explained by not applying it to non-State work done, a county is subsidizing those customers and incurring costs that are not being recovered.

A combined 5-year summary produces a 4.45% administrative rate, based on \$111,608,729 of net administrative costs divided by \$2,509,125,811 of total maintenance costs.

No action was taken on this rate. The committee members were asked to discuss both employing a 5-year statewide average methodology as well as eliminating the statewide rate and using county specific rates instead. The committee should be prepared to continue to discuss at the next MMC meeting.

**Item 6. County reimbursements (radio, GPL, salt storage methodology)**

Mr. Meek distributed and explained the 2009 annual reimbursements for radio, GPL insurance and salt storage. He indicated that he is continuing compile the 2010 reimbursement worksheets. In addition, he explained how the “transfers of State salt in 2008 from county locations” (and the associated tonnage) are to be handled in terms of total State salt purchased and stored. It has been agreed to, that when a county initially acquired State salt, stored it in a shed and then transferred it to another location, that salt quantity will be counted in that county, as well as to the county where that salt was transferred to.

Meek indicated the 2010 reimbursement worksheets should be done soon, and he offered to come back to the MMC and explain the current year reimbursements.

**Item 7. Transfer of state finance equipment (recent examples and potential process improvements)**

Mr. Woltmann discussed recent examples where a State financed equipment unit is transferred from one county location to another. He identified issues surrounding this transfer – accounting concerns, transfer concerns, Chapter 5 policy concerns, and a newly created DRAFT Memorandum of Understanding (MOU) covering all State financed equipment (past and present.) Given the recent transfers of State financed equipment, future transfers should benefit from the experiences gained in documenting and finalizing these latest transfers.

When a DRAFT MOU and new Chapter 5 language is available, Mr. Woltmann will bring them to the MMC for review and discussion.

**Item 8. Subcommittee report**

Chairman Dahlke briefed the MMC about the subcommittee including its members, areas of concern identified, preliminary discussions related to those issues, preliminary options for resolution of issues, and a plan to prioritize these issues.

**Item 9. Machinery management topics for 2010 (already identified) and suggested additions.**

- Training policy narrative
- AVL/GPS state reports
- Spreader class review
- Cap for capitalization (clarification needed)
- Rate setting formula overview for committee
- State financed equipment documentation
- Salvage and estimated life

**Item 9a. GPS/AVL and Tow Plows (for discussion only)**

Concerns and observations about the AVL/GPS presentation at the January conference were shared. The group was assured the results of the pilot project have not been predetermined and that progress reports and any proposed subsequent actions would be brought to the attention of the MMC.

Item 9b. **Class 712 Pavers** (for discussion only)

A question was raised about the Class 712 Paver rates and the large increase from 2009 to 2010. The current ton rate is \$1.42 while the prior year ton rate was \$0.94. A couple of factors were suggested as possibly contributing to the large increase – depreciation on pavers was changed from 12 years to 8 years, effective in 2005; and the decreased utilization experienced. Mr. Meek offered that Chapter 5 rates are chargeable for State work only, and a county can offer a reduced rate for any non-state projects.

Item 10. **Schedule next meeting.**

The next scheduled meeting will take place on Friday, March 19, 2010 at the Elizabeth Inn, Plover. The meeting will begin at 10:00am.

11. Adjourn