Ohio Performance Team
"OPTimizing Performance"

Lake County
Capital Equipment Utilization Study

APRIL 10, 2012

Executive Summary

During these challenging economic times, governments at every level must strive to optimize performance. The Auditor of State's office (AOS) remains committed to identifying objective and innovative ways for governments to "skinny down" while maintaining vital services. As part of this commitment, the Auditor of State's Ohio Performance Team invited local governments to participate in the assessment of capital equipment utilization within Lake County, resulting in this first-of-its-kind study in Ohio.

The Auditor of State and OPT express appreciation to the Lake County local government elected officials and management employees, as well as to the Lake County Service Directors Association, for their assistance throughout the conduct of the audit.

Capital Equipment Utilization

- **Finding:** Within Lake County capital equipment generally experiences low utilization (see **Table 1** and **Table 2**). In addition, each type of equipment analyzed was identified as being duplicated in entities across the County.
- **Recommendation:** To maximize the return on capital equipment investment the governmental entities within Lake County should pursue strategies to increase overall capital equipment utilization. These strategies could include developing a County-wide equipment sharing program, disposing of underutilized assets, sharing purchasing of new or replacement capital equipment, and/or renting capital equipment as needed.

Capital Equipment Data Management

- **Finding:** Of the 390 pieces of capital equipment for which data was requested and collected, only about 45% (177) were able to be properly evaluated based on the data provided. Most of the governments in Lake County had difficulty providing comprehensive and consistent inventories of their capital equipment. Furthermore, when detailed data points, such as monthly or annual use, or purchase and maintenance cost were requested the majority of agencies were unable to fully respond to the request.
- **Recommendation:** In order to accurately assess capital equipment utilization and pursue effective management strategies, the Lake County governments should prioritize basic data collection for capital equipment. This data will be integral to the success of any future efforts to move forward with a capital equipment sharing program and should be considered a necessary precursor for efficient and effective operations within the current state.

Subsequent Steps

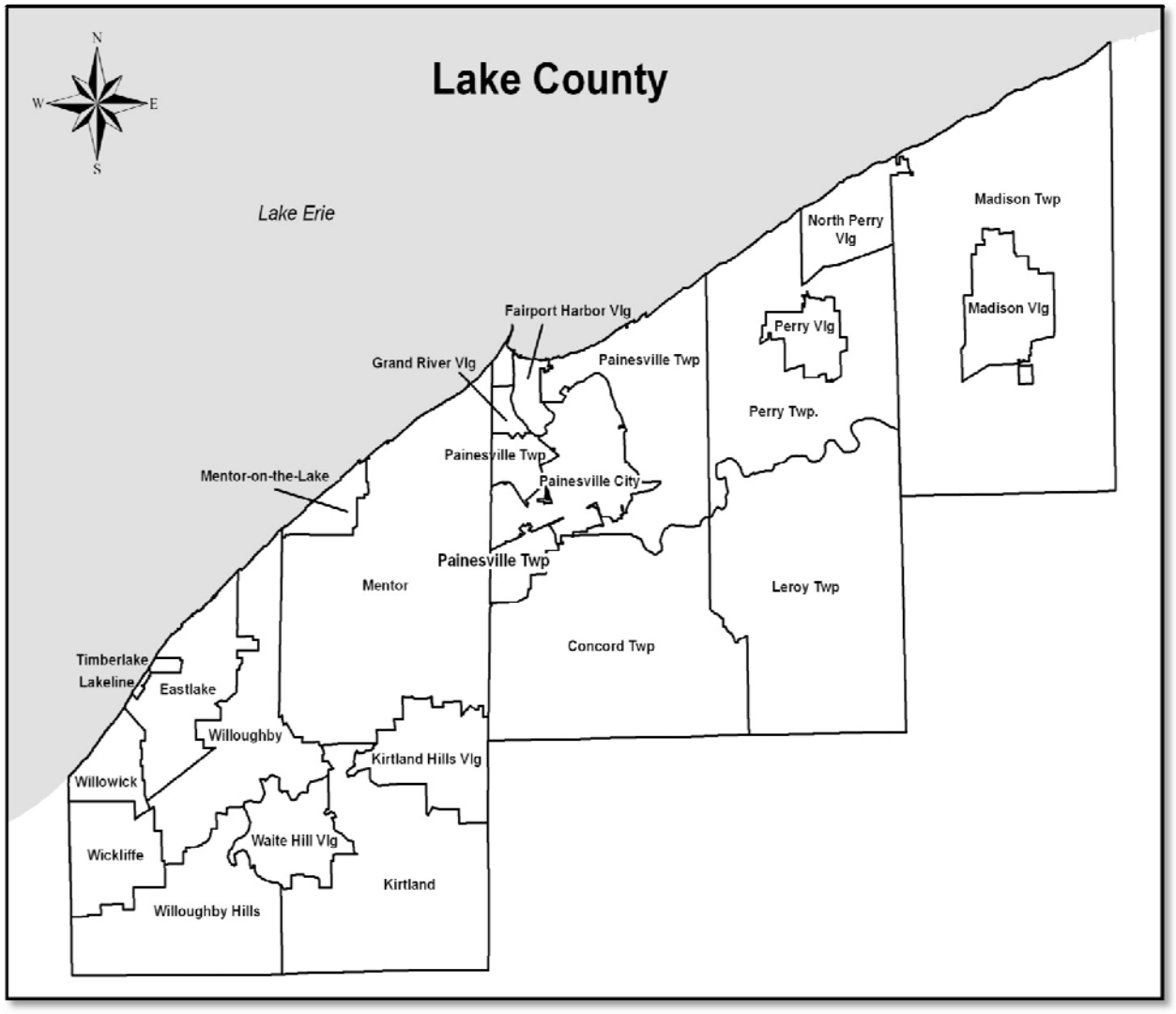
AOS and the Lake County local governments hold that long-term, County-wide equipment sharing is of significant interest. To support an examination of the feasibility of the options potentially available to establish a county-wide equipment sharing and use program, OPT has included supporting information on the various methods by which a capital equipment sharing program could be established, including relevant example agreements from government entities who have established similar functions (see **Exhibits A** and **B**).

Report

Participating Local Governments

Governments participating in the capital equipment utilization analysis include the following:

Lake County Engineer	City of Willoughby Hills	Village of Grand River
City of Eastlake	City of Willowick	Village of Kirtland Hills
City of Kirtland	Concord Township	Village of Lakeline[1]
City of Mentor	LeRoy Township	Village of Madison
City of Mentor-on-the-Lake	Madison Township	Village of North Perry
City of Painesville	Painesville Township	Village of Perry
City of Wickliffe	Perry Township	Village of Timberlake
City of Willoughby	Village of Fairport Harbor	Village of Waite Hill



Source: Lake County GIS Department

[1] The Village of Lakeline does not own heavy equipment.

Audit Scope

OPT applied the generally accepted government auditing standards (GAGAS) of performance auditing to the utilization study and this study was conducted in accordance with GAGAS. A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function, or activity to develop findings, recommendations, and conclusions. This performance audit was designed to assess the utilization of capital equipment held by local governments within Lake County; this study is a logical first step to help determine the overall feasibility of sharing heavy equipment.

The objectives of the capital equipment utilization study are as follows:

- To assess the extent to which capital equipment inventory is duplicated from entity to entity in Lake County.
- To assess the extent to which capital equipment utilization is less than optimal.

Engagement Background, Overview, and Methodology

The Lake County capital equipment utilization study was designed to assess current capital equipment utilization rates as an overall measure of use efficiency. OPT pre-reviewed a total of approximately 1,000 pieces of capital equipment to determine the types of equipment which were best suited for further detailed analysis. Examples of factors taken into account include asset values, ubiquity of need, and feasibility of long-term sharing between entities in an evolved operational state. Of those initial types of equipment reviewed, OPT selected categories for utilization analysis that included a total of 390 pieces of capital equipment. Data for the utilization analysis, where available, was collected and verified between August 2011 and October 2011. Of the 390 pieces of capital equipment for which data was requested, sufficient data was available to assess nearly 45% or 177 total pieces of capital equipment. Assessments were based on actual capital equipment inventories and usage statistics. Findings and recommendations were then developed to assist in any future efforts to develop a County-wide capital equipment utilization program. Finally, it is noteworthy that all utilization analysis was conducted on a seasonally adjusted basis to ensure the accuracy of findings and recommendations.

Generally Accepted Government Auditing Standards (GAGAS) require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS believes the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

To complete this report, OPT gathered a significant amount of data pertaining to the municipalities in Lake County, conducted interviews with numerous individuals associated internally and externally with the public works departments, and reviewed and assessed available information. External organizations and resources were used to provide examples of agreements related to the consolidation and sharing of capital equipment (see **Exhibits A** and **B**).

Capital Equipment Utilization Study Background:

Governments within Lake County have a total of 390 pieces of capital equipment that were evaluated within this analysis. These pieces of capital equipment include those that are non-seasonal in use as well as those that are seasonal-use only. Non-seasonal capital equipment types include; dump trucks, front end loaders, skid steer loaders, sewer jets, vactor jets, and aerial trucks. Seasonal-use only equipment types include: backhoe loaders, excavators, bulldozers, road graders, asphalt pavers, crack sealers, asphalt rollers, durapatchers, street sweepers, air compressors, and leaf vacuums.

Capital Equipment Utilization Study Methodology:

Non-seasonal capital equipment was evaluated on an individual basis where each piece of capital equipment was treated as if it had a dedicated operator. For example, over the course of a full year each piece of equipment could be used a maximum of 2,000 hours. Although it is standard for full time employees to receive pay for 2,080 hours this amount includes 80 hours associated with the 10 official State holidays. The 80 hours for State holidays were subtracted leaving a maximum of 2,000 hours as the basis for evaluation. There are times during which non-seasonal capital equipment could be used well in excess of the regular 8 hour day for an employee. For example, during the snow and ice season dump trucks, which are used as snow plows, and front end loaders may need to be used round the clock as weather conditions necessitate. However, given the irregularity of these types of snow events and the variable nature in which each government may chose to react to them, these hours were not added to the baseline as they do not constitute a dependable, uniform expectation of utilization.

Seasonal capital equipment was also evaluated on an individual, dedicated-operator basis. However, due to the seasonal-use nature of the equipment in question further prorating of maximum available hours was necessary. OPT identified several types of equipment that were broadly used for construction or would be reasonable to assess use based on a representative “construction season” for Lake County.

The representative construction season for Lake County was conservatively identified as April through October for a typical year. Based on this timeframe, holidays and weekends were excluded leaving a maximum of approximately 1,190 hours as the basis for seasonal evaluation. Although construction equipment would be used to conduct emergency repairs as needed throughout the year, the use of a conservative construction season provides a reasonable basis for calculating seasonal utilization.

Leaf vacuums are used during an even more restricted “leaf collection” season. The representative leaf collection season for Lake County was conservatively identified as only September and October for a typical year. Based on this timeframe, holidays and weekends were excluded leaving a maximum of approximately 330 hours as the basis for seasonal evaluation. Although leaf vacuums could reasonably be used as needed outside of this two-month period, the use of a conservative leaf collection season provides a reasonable basis for calculating seasonal utilization.

Once the utilization thresholds for annual engine hours were established, OPT tested the reliability of the data by random, on-site sampling of 20 percent of each government’s inventory

(e.g., mileage, hours, and equipment demographics). Negative variance between the original data provided and actual usage data observed on-site resulted in additional sampling and follow-up with knowledgeable staff for explanation and clarification.

After the data was collected, vetted, and verified, to the extent possible and practicable, analysis was conducted to determine actual capital equipment utilization rates. Pieces of equipment for which insufficient data was provided were excluded from the analysis as no reasonable conclusions were able to be drawn from inclusion. Each individual piece of capital equipment's utilization was calculated using the total engine hours divided by the number of days and years available (i.e., data collection date less equipment acquisition date) to calculate average annual hours. All of the data used in the analysis was collected between August 2011 and October 2011. To conservatively account for an accurate representative period for data collection October 31, 2011 was used. The data was limited in that there was not always an actual acquisition date provided. For instances in which only an acquisition year was provided July 1st of that year was used as a conservative proxy for the actual acquisition date. For instances in which no acquisition date was provided the equipment was excluded from the analysis. For instances in which the acquisition date was provided but no model year was provided the equipment was also excluded to protect against including utilization of equipment that was purchased used. This average annual hours figure was divided by annual expected hours to calculate an average annual utilization rate. Finally, equipment utilization was evaluated on an individual percentage basis, and then combined to determine a total County-wide average utilization rate for each type of equipment.

Capital Equipment Utilization Study Conclusions:

Table 1 shows aggregate dump truck and non-seasonal equipment utilization.

Table 1: Dump Truck and Non-Seasonal Equipment Overview and Utilization

Type	Total Pieces	Pieces Analyzed	Percentage Analyzed	Avg. Annual Hours	Avg. Utilization
Dump Truck	180	60	33.3%	572.9	28.6%
Front End Loader	16	12	75.0%	434.7	21.7%
Skid Steer Loader	18	11	61.1%	79.6	4.0%
Sewer Jet	11	5	45.5%	66.0	3.3%
Vactor Jet	9	4	44.4%	398.3	19.9%
Aerial Truck	18	8	44.4%	621.4	31.1%
Total	**252**	**100**	**39.7%**	N/A	N/A

Source: Lake County governmental entities

As shown in **Table 1**, of the 252 pieces of capital equipment for which data was requested and collected only 40% (100) were able to be properly evaluated based on the data provided. OPT found that dump trucks and aerial trucks had the highest average utilization; both approximately 30% of the expected available time. Front end loaders and vactor jets were found to have an average utilization of approximately 20% of expected available time. Finally, skid steer loaders and sewer jets were, on average, found to be utilized at or less than 4% of the expected time. See **Appendix A** for disaggregate capital equipment utilization data.

Table 2 shows seasonal-use equipment utilization.

Table 2: Seasonal-Use Equipment Overview and Utilization

Type	Total Pieces	Pieces Analyzed	Percentage Analyzed	Avg. Annual Hours	Avg. Utilization
Backhoe Loader	38	29	76.3%	303.2	25.5%
Excavator	12	8	66.7%	281.1	23.6%
Bulldozer	3	1	33.3%	576.6	48.4%
Road Grader	6	3	50.0%	90.3	7.6%
Asphalt Paver	7	4	57.1%	40.4	3.4%
Crack Sealer	6	5	83.3%	134.7	11.3%
Asphalt Roller	18	8	44.4%	80.9	6.8%
Durapatcher	3	1	33.3%	550.1	46.2%
Street Sweeper	12	6	50.0%	422.2	35.5%
Air Compressor	16	7	43.8%	42.2	3.5%
Leaf Vacuum	17	5	29.4%	88.8	26.7%
Total	**138**	**77**	**55.8%**	N/A	N/A

Source: Lake County governmental entities

As shown in **Table 2**, of the 138 pieces of capital equipment for which data was requested and collected only 56% (77) were able to be properly evaluated based on the data provided. OPT found that, as a type category, street sweepers had the highest average utilization; approximately 36% of the expected available time. Although bulldozers and road graders were both between 45% and 50% utilization, these calculations were based on only one observation each and likely are not representative of overall usage within the type. Backhoe loaders, excavators, and leaf vacuums were found to have an average utilization of approximately 25% of expected available time. Finally, road graders, asphalt pavers, crack sealers, asphalt rollers, and air compressors were, on average, found to be utilized at or less than 11% of the expected time. See **Appendix A** for disaggregate capital equipment utilization data.

Based on the observed utilization rates for the abovementioned types and categories of capital equipment it is reasonable to conclude that the majority of the capital equipment held by governments within Lake County is both duplicated and sub-optimally utilized. Furthermore, Lake County local governments, in general, lack sufficiently detailed data to accurately assess total capital equipment utilization and pursue more effective management strategies.

Capital Equipment Utilization

- **Finding:** Within Lake County non-seasonal capital equipment utilization ranges from as low as an average of approximately 3% for sewer jets to as high as 31% for aerial trucks. Dump trucks, which are by far the most common type of equipment analyzed, have an average utilization of approximately 29%. Seasonal-use equipment utilization ranges from as low as an average of approximately 4% for asphalt pavers and air compressors to as high as 36% for street sweepers.[2] Finally, each type of equipment analyzed was identified as being present at multiple entities across the County.

[2] Although bulldozers and road graders were both between 45% and 50% utilization, these calculations were based on only one observation each and likely are not representative of overall usage within the type.

- **Recommendation:** To maximize the return on capital equipment investment the governmental entities within Lake County should pursue strategies to increase overall capital equipment utilization. These strategies could include developing a County-wide equipment sharing program, disposing of underutilized assets, sharing purchasing of new or replacement capital equipment, and/or renting capital equipment as needed.

Capital Equipment Data Management

- **Finding:** Of the 390 pieces of capital equipment for which data was requested and collected only about 45% (177) were able to be properly evaluated based on the data provided. Most of the governments in Lake County had difficulty providing comprehensive and consistent inventories of their capital equipment. Furthermore, when detailed data points, such as monthly or annual use or purchase and maintenance cost, were requested the majority of agencies were unable to fully respond to the request.
- **Recommendation:** In order to accurately assess capital equipment utilization and pursue effective management strategies, the Lake County governments should prioritize basic data collection for capital equipment including such elements as: age, acquisition date, and engine hours. This data collection effort should be further augmented through collection of time-bound data and data on the total cost of ownership for each piece of capital equipment. This data will be integral to the success of any future efforts to move forward with a capital equipment sharing program and should be considered a necessary precursor for efficient and effective operations within the current state.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may have required time and resources in excess of what is merited by the audit scope.

Capital Equipment Sharing and Alternative Methods of Equipment Access

Due to limitations on the data collected, OPT was unable to provide direct analysis on the current feasibility of a County-wide equipment sharing program or a direct assessment of the extent to which alternative equipment access methods would be cost effective. However, OPT did identify the condition of overall low utilization and duplication in equipment inventory.

The primary options to improve utilization include (1) commercial renting of capital equipment from private suppliers and (2) an intergovernmental coordination program that could be established as an independent entity; under the umbrella of an existing government such as Lake County or one of the participating local governments as the lead agency; or through a system of intergovernmental or interlocal agreements specifying the complex of rights, responsibilities, and costs.

Should the participating governments be inclined to an intergovernmental approach, successful implementation will also require gathering all available information critical to fleet management including: inventory, operational data, cost, staffing, training and education, and relevant policies and procedures. Another important factor for successful implementation will be developing mutually agreeable policy statements and procedural documents. Broadly, successful

implementation will require, pre-planning, technology support and coordination, and coordinated purchasing and housing of equipment once the program is in place.

Should the participating governments be inclined to choose a lead agency approach to capital equipment utilization, it will be necessary to identify the likely candidates for lead agency and assess existing administrative and capital capabilities and any changes necessary to manage a county-wide program.

Should the participating governments be inclined to a private market approach, a market study of available providers should be made, along with a transition study of existing capital equipment inventory and its depreciation and disposition during the transition to a private provider paradigm.

Considerations and Examples for Capital Equipment Sharing Programs

If Lake County governments seek to implement an effective county-wide capital utilization program, they will need to strategically approach how capital equipment needs are established and how equipment is accessed. Successful implementation will also require gathering all available information critical to fleet management including: inventory, operational data, cost, staffing, training and education, and relevant policies and procedures. Another important factor for successful implementation will be developing mutually agreeable policy statements and procedural documents. Broadly, successful implementation will require, pre-planning, technology support and coordination, and coordinated purchasing and housing of equipment once the program is in place.

Pre-Planning

According to an article written by the Fleet Services Manager for the City of Cedar Rapids, Iowa, a high level of pre-planning and coordination is necessary to lay the groundwork for consolidating and centralizing fleets (Reporter, American Public Works Association, August 2011). The first step in developing a strategy for consolidation and sharing is identifying and implementing a cross-functional team to represent the impacted stakeholders. Key representation on this team should include fleet management, purchasing, finance, and customers. This collaborative approach encourages stakeholders to have ownership of the new processes leading to greater acceptance and support. Lack of stakeholder support generally stems from the assumed loss of control but it can also be unwillingness to change and support change. The next step is to get top-down support which will help drive the behavior and outcomes that are desired.

Without appropriate stakeholder support capital equipment sharing projects are at risk of failure or inaction. For example, in April 2010 the Cincinnati Mayor and City Council signed a motion to analyze the feasibility of consolidation and sharing of the maintenance and use of heavy equipment between all government entities within Hamilton County. The feasibility study resulted in a conclusion that the project could save a potential $3 million in future replacement of under-utilized capital equipment. The study also concluded that the City Council should take the next steps in the consolidation process. Of the 50 government entities in Hamilton County only 11 provided data for the feasibility study and it is not clear exactly how many showed interest in participating in capital sharing. To date, no action on a capital equipment sharing program has been taken.

Chart 1 is an example of the equipment sharing process flow used by Erie County, New York.

Chart 1: Example Equipment Sharing Process

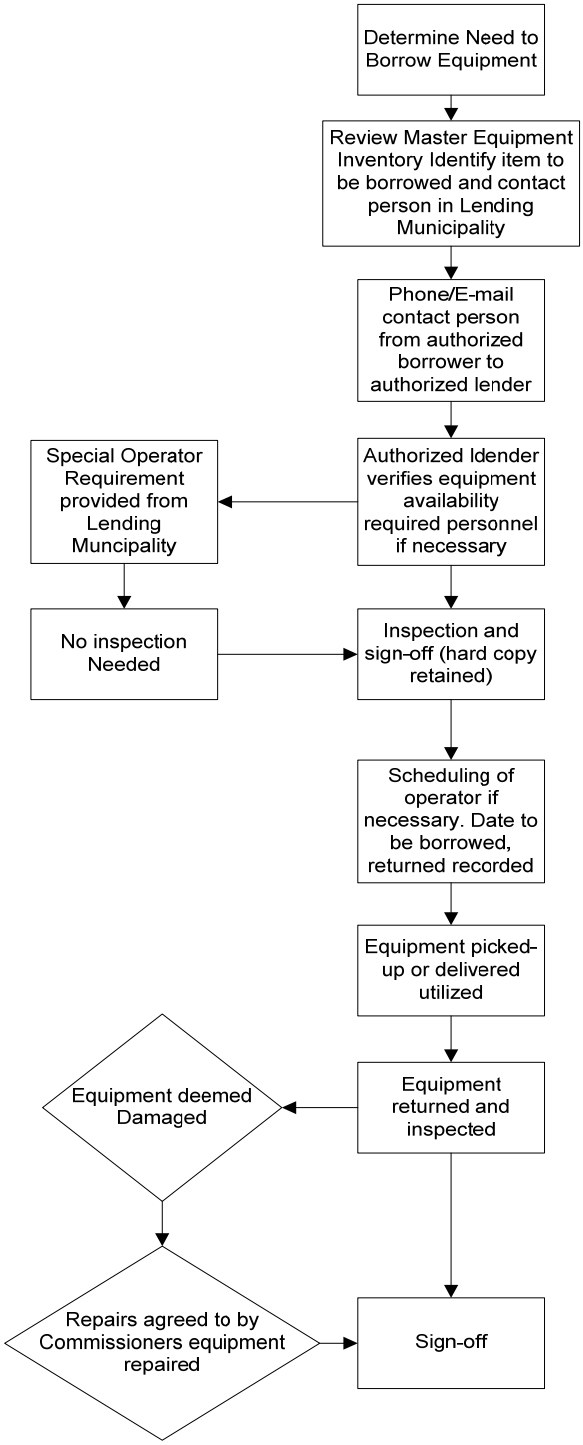


Chart 1 reinforces the need to identify a clear level of responsibility, to establish a centralized database to house equipment inventory, and to monitor availability and usage of all heavy equipment county-wide.

Technology

Municipalities need to develop a centralized database for inventory access and to reserve equipment available for sharing. For example, entities such as the City of Portland, Oregon; Washington County, Oregon; and the Rhode Island Public Works Association have developed databases specifically to facilitate capital equipment sharing.

The City of Portland, Oregon established a web site that includes an inventory of all public works equipment available for other governments to rent, borrow, purchase, loan, lease, buy, and/or sell.[3] Another example of a centralized equipment inventory is in Washington County, Oregon which developed a heavy equipment sharing catalog that includes the Oregon Department of Transportation's locally held inventory.[4] Finally, the Rhode Island Public Works Association (RIPWA) developed a web site for municipalities and businesses to access and request equipment to lease.[5] RIPWA is currently developing a process whereby municipalities can develop and implement equipment and asset sharing agreements.

The City of Cincinnati's feasibility study included a proposal to create an online database to support equipment sharing. The City of Cincinnati and Hamilton County planned to develop a smaller model utilizing a web site or shared listing to see what pieces of equipment might be available for sharing, who to contact, and some parameters around who, how, and when they could be shared. The feasibility study identified that developing a database of contacts on a smaller scale would not only save money, but also foster a positive public perception in this tough economic climate.

Individual agreements in Hamilton County were to be formed to establish rates on a case by case basis with the assistance of each of the municipalities' Law Departments. Enterprise Technology Solutions and the Cincinnati Area Geographical Information System were going to be engaged to develop and manage the database. This would create the ability to scale up if desired, allow more flexibility, and acknowledge the need to manage seasonal usage and a less costly approach.

Centralized Ownership and Housing

If pursuing a shared purchasing model as part of a County-wide program the Lake County governments would need to consider developing a resource pool for cooperative purchasing and centralized ownership of future capital equipment. This resource pool would need to be a fund which could be utilized to support the ongoing costs associated with supporting a centralized capital equipment inventory, such as garage and maintenance facilities and insurance and maintenance services. A strategy to phase this program in could be to replace equipment through centralized purchasing when each individually held piece of capital equipment item reaches the end of its useful life.

[3] www.gpcog.org/joint_services/Equipment_Sharing.php
[4] www.cpawc.org/docs/cpawc_equip_list.pdf
[5] www.ripwa.org/equipment_sharing/equipment_sharing_form

The City of Cincinnati's capital utilization feasibility study indicated a need to establish a heavy equipment sharing pool by creating a brokerage system using the Center for Local Government. Under this plan the Center for Local Government would have established and managed a web site for heavy equipment sharing. The feasibility study also indicated the municipalities would have needed to provide seed funding to support start-up and transition costs associated with the collaboration efforts.

Intergovernmental (Interlocal) Agreements

One of the most common methods for neighboring jurisdictions to cooperate is for them to enter into intergovernmental agreements. These agreements may take a variety of forms, but the most common form involves a formal contract for sharing services or equipment between two or more jurisdictions. Under this model a government agrees to provide a service or equipment to other governments for an agreed upon price.

Four Rhode Island towns (Burrillville, North Smithfield, Smithfield, and Glocester) signed an intermunicipal agreement for sharing equipment and personnel in an effort to help reduce costs in June 2011. The agreement, in the works since 2009, is the result of several meetings of the Rhode Island collaboration of Mayors and Town Administrators, which was formed to study ways neighboring communities can share resources in times of critical budget constraints. Town council signed the first part of the agreement that includes joint purchasing last year. The Burrillville Town Manager stated that "This is the second part of the agreement. We've got a purchase agreement in place. This is the type of thing we need to do for the longer term if we're going to realize meaningful savings." Also, according to the township administrator of North Smithfield, "The days of standing on our own are over, the business of government is being redesigned by its forward thinking leaders."

Intergovernmental agreements may also take the form of a joint service agreement where two or more jurisdictions join forces to plan, finance and deliver a service within the boundaries of all participating jurisdictions. This method is different from the service contract in that responsibility for the performance of a particular function or the operation and construction of a facility would be shared through the creation of an administrative vehicle to handle service responsibilities (e.g., a board consisting of representatives of each participating governmental unit). The joint agreement may be spelled out through a contract, generally authorized by ordinance, following established procedures that spell out the details at local discretion. This approach leaves a good deal of flexibility so that local officials can tailor the program to reflect their own needs and sensitivities.

Advantages of Interlocal Agreements

There are several advantages that interlocal agreements offer including:

- Increased efficiency can be attained by establishing optimum-size operating units on a function-by function basis.
- Underutilized and expensive equipment, facilities, and manpower can be shared. Seldom used or expensive facilities and equipment and specialized personnel may be better utilized.
- A local government can obtain a service or a product which it cannot produce itself or can produce only at a prohibitively high cost.
- Duplication of efforts may be eliminated and overall service efficiency increased.
- A problem affecting several local governments can be solved without changing the basic structure of the local government system.
- The cost of maintenance and routine care of equipment could be spread among all entities involved in the agreement.
- Intergovernmental service arrangements can enhance the service capabilities of small local governments by allowing them to provide specialized services to their residents that they may not otherwise be able to afford.
- Intergovernmental service contracts allow local governments to avoid start-up costs of purchasing new equipment or hiring staff to provide a particular service.

Limitations On the Use of Interlocal Agreements

While extremely useful in defining the parameters of collaboration for programs like the sharing of heavy equipment, Interlocal agreements can have limitations such as those listed below:

- Poorly drafted agreements which do not provide adequate definitions of expected service levels and contractor responsibilities can cause friction between participating jurisdictions.
- Smaller jurisdictions contracting for services from a larger jurisdiction may fear loss of control over service delivery. Clearly drawn contract specifications may somewhat reduce this problem.
- It may be difficult to distribute costs and services equitably among participating agencies.
- Retirement, insurance, and other overhead costs may be difficult to compute and allocate.
- Personnel dislocations are sometimes involved. This is particularly true if a service that is being contracted out has traditionally been performed by city employees.

Challenges to Interlocal Agreements

According to a communiqué from the City of Cincinnati's City Manager to the Mayor and City Council there were a number of legal concerns that developed during the City's feasibility study. These concerns included "the City's liability if it decided to rent or lease equipment to local municipalities and Hamilton County" and also the need to "research on equipment purchased with restricted funds to determine if it is legal to rent or lease and verbiage for agreements between all stakeholders involved in this project."

Types of Interlocal Agreements

The opportunities for sharing are substantial and are not limited to services, but may also include personnel, facilities, and equipment.

1. Personnel. Local governments may be able to share personnel, such as secretaries, clerks, computer operators, and financial analysts. The method of contracting is similar to other types of services. However, the agreement should include provisions detailing the personnel procedures (hiring, dismissing, promoting, paying, etc.).

2. Equipment. Equipment is a natural for sharing and the advantages of common ownership help all the participants through reduced acquisition costs, reduced annual maintenance, lower programming expenses, and smaller office space requirements. The governments can either split the cost of purchasing or leasing the equipment or one can buy the equipment and rent or lease it to the others. In this situation, the purchasing entity may wish to create an Interlocal Government Rental Agreement which may include the following provisions:

- The purpose of the contract;
- A section providing for the duties, rights and responsibilities of each party to the agreement;
- Rental charges for the equipment;
- Liability of each party spelled out in detail (it is recommended that the city owning the equipment carry its own insurance for damage against the equipment); and
- An explanation of the rental procedure.

3. Facilities. Governments may engage in the joint occupancy of facilities either as partner, landlord, or tenant. If the agreement or contract is being made to purchase or rent a revenue producing building or facility, some method may be specified for the return to the parties of their original investment as well as the payment to either party of any revenues produced by the facility. The time periods at which payment must be made should also be specified. As with any joint agreement, it is important that the division of authority, responsibility, and expense is clear, detailed, and distinctly understood by both parties to the agreement.

If Lake County governments determine that the utilization gains identified in this study establish grounds to implement an effective county-wide capital utilization program, they will need to strategically approach how capital equipment needs are established and how equipment is accessed.

Appendix A: Capital Equipment Utilization By Type

Overview

The following tables provide utilization data on the individual capital equipment pieces that are shown in aggregate in **Table 1** and **Table 2**. All data was provided by the participating Lake County governments. All capital equipment for which incomplete data was provided was excluded from the aggregate analysis as well as the following tables. **Tables A1** though **A6** use 2,000 hours as the basis for utilization calculation; **Tables A7** though **A6** use 1,190 hours; and **Table A17** uses 330 hours.

Table A1: Dump Truck Utilization

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Eastlake	2008	4.2	2,107.0	505.6	25.3%
City of Eastlake	2008	4.7	2,146.0	459.4	23.0%
City of Eastlake	1999	11.8	6,628.9	560.0	28.0%
City of Eastlake	1997	14.2	7,285.0	514.0	25.7%
City of Eastlake	1987	24.8	2,469.0	99.4	5.0%
City of Kirtland	2009	2.3	1,447.0	619.9	31.0%
City of Kirtland	2003	9.3	4,591.0	491.6	24.6%
City of Kirtland	2001	11.3	5,817.0	513.0	25.6%
City of Kirtland	1999	13.3	8,015.0	600.7	30.0%
City of Mentor-on-the-Lake	2008	3.3	799.0	239.6	12.0%
City of Mentor-on-the-Lake	1999	13.3	4,201.0	314.9	15.7%
City of Painesville	2011	1.0	853.0	841.5	42.1%
City of Painesville	2011	1.2	352.0	303.7	15.2%
City of Painesville	2008	3.3	2,698.0	825.5	41.3%
City of Painesville	2006	5.8	6,680.0	1,144.7	57.2%
City of Painesville	2005	7.3	2,667.0	363.2	18.2%
City of Painesville	2001	10.4	8,745.6	842.9	42.1%
City of Painesville	1998	14.5	3,823.4	264.1	13.2%
City of Painesville	1996	15.3	5,999.2	391.7	19.6%
City of Willoughby Hills	2008	2.0	1,168.0	584.8	29.2%
City of Willoughby Hills	2003	8.3	5,519.0	661.8	33.1%
City of Willowick	2000	12.3	3,718.0	301.2	15.1%
Concord Township	2011	1.5	403.0	277.5	13.9%
Concord Township	2002	10.0	3,932.0	393.5	19.7%
Concord Township	2001	11.5	3,470.0	301.7	15.1%
Concord Township	2001	11.5	3,351.0	291.4	14.6%
Concord Township	2000	11.9	3,014.0	253.1	12.7%
Concord Township	2000	12.3	3,071.0	248.9	12.4%
Concord Township	1999	13.2	3,887.0	295.5	14.8%
Concord Township	1995	17.1	5,844.0	341.7	17.1%
Lake County Engineer	2010	2.4	1,169.0	486.0	24.3%
Lake County Engineer	2008	3.3	2,884.0	884.6	44.2%
Lake County Engineer	2008	4.0	3,748.0	926.8	46.3%

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
Lake County Engineer	2008	4.0	2,610.8	645.6	32.3%
Lake County Engineer	2007	4.8	3,321.5	690.0	34.5%
Lake County Engineer	2006	6.1	5,420.0	886.3	44.3%
Lake County Engineer	2005	7.5	4,948.0	662.5	33.1%
Lake County Engineer	2003	8.3	6,277.5	756.9	37.8%
Lake County Engineer	2003	8.7	6,699.0	770.1	38.5%
Lake County Engineer	2002	9.6	8,507.0	887.2	44.4%
Lake County Engineer	2002	9.6	7,417.0	773.5	38.7%
Lake County Engineer	2002	10.4	7,133.0	688.2	34.4%
Lake County Engineer	2001	10.8	18,178.0	1,679.3	84.0%
Lake County Engineer	1997	14.5	8,403.0	578.3	28.9%
Lake County Engineer	1997	15.3	17,841.0	1,166.6	58.3%
Lake County Engineer	1997	15.3	11,635.0	760.8	38.0%
Lake County Engineer	1996	15.3	4,516.0	295.3	14.8%
LeRoy Township	2006	5.6	3,988.8	708.8	35.4%
LeRoy Township	2004	7.7	4,412.0	570.9	28.5%
Madison Township	2007	4.6	2,284.8	501.8	25.1%
Madison Township	1994	17.9	7,653.0	427.7	21.4%
Painesville Township	2004	7.3	3,814.0	519.8	26.0%
Painesville Township	2003	8.3	5,147.0	617.2	30.9%
Perry Township	2007	5.7	2,573.0	451.9	22.6%
Perry Township	2001	10.5	3,800.0	360.4	18.0%
Perry Township	2001	11.6	4,623.0	397.8	19.9%
Perry Township	1997	15.2	4,671.0	306.4	15.3%
Village of Fairport Harbor	2001	10.6	3,858.0	362.7	18.1%
Village of Kirtland Hills	2009	3.0	4,321.0	1,429.9	71.5%
Village of Waite Hill	2001	10.6	3,521.0	333.2	16.7%

Table A2: Front End Loader

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Eastlake	1997	14.6	9,015.1	617.8	30.9%
City of Kirtland	1998	13.1	9,233.0	705.2	35.3%
City of Painesville	2002	8.5	5,055.0	591.4	29.6%
City of Wickliffe	2007	4.3	3,607.0	848.3	42.4%
City of Wickliffe	2006	5.6	674.0	119.5	6.0%
City of Willoughby	1999	12.3	5,533.0	450.1	22.5%
City of Willoughby Hills	2001	10.3	8,360.0	808.5	40.4%
Concord Township	2002	9.7	5,040.0	518.1	25.9%
Concord Township	1978	33.7	2,379.0	70.6	3.5%
Lake County Engineer	1993	18.6	5,259.0	283.1	14.2%
Lake County Engineer	1980	31.4	1,073.0	34.2	1.7%
Village of Krtland Hills	2002	9.7	1,652.6	170.0	8.5%

Table A3: Skid Steer Loader

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Kirtland	2001	10.4	1,051.0	100.6	5.0%
City of Mentor-on-the-Lake	2003	8.3	365.0	43.8	2.2%
City of Painesville	2006	4.9	607.0	123.4	6.2%
City of Wickliffe	1998	13.4	1,614.0	120.2	6.0%
City of Willoughby	1999	12.4	1,261.2	102.0	5.1%
Concord Township	1995	16.5	1,194.0	72.2	3.6%
Lake County Engineer	2002	9.5	722.0	76.4	3.8%
LeRory Township	2003	8.7	655.0	75.4	3.8%
Madison Township	2000	11.6	1,084.0	93.4	4.7%
Perry Township	1995	16.0	361.0	22.5	1.1%
Village of Waite Hill	2000	11.8	537.0	45.3	2.3%

Table A4: Sewer Jet

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Mentor-on-the-Lake	2006	5.3	94.0	17.6	0.9%
Concord Township	2003	8.0	258.6	32.4	1.6%
Lake County Engineer	1996	15.6	3,287.0	210.6	10.5%
Madison Township	2008	4.2	154.8	36.5	1.8%
Village of Madison	2000	11.3	375.0	33.1	1.7%

Table A5: Vactor Jet

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Eastlake	2011	0.2	23.0	139.9	7.0%
City of Eastlake	1999	11.9	8,553.0	717.3	35.9%
City of Painesville	2002	10.7	5,992.3	561.1	28.1%
City of Willoughby	2006	5.7	990.0	174.7	8.7%

Table A6: Aerial Truck

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Painesville	2006	6.0	3,279.0	550.3	27.5%
City of Painesville	2006	5.0	5,579.0	1,107.3	55.4%
City of Painesville	2005	6.6	6,117.0	933.8	46.7%
City of Painesville	2001	10.2	2,753.0	270.1	13.5%
City of Painesville	2000	11.8	4,300.9	365.9	18.3%
City of Painesville	1998	13.8	3,726.0	269.3	13.5%
City of Painesville	1995	17.2	11,920.5	693.1	34.7%
City of Willoughby	1999	12.2	9,518.0	781.6	39.1%

Table A7: Backhoe Loader

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Eastlake	2008	3.3	1,418.0	425.3	35.7%
City of Eastlake	1997	14.7	4,408.1	300.3	25.2%
City of Eastlake	1994	17.3	5,744.7	331.2	27.8%
City of Kirtland	2006	6.0	613.0	101.5	8.5%
City of Kirtland	2005	6.3	3,482.0	549.5	46.1%
City of Kirtland	2002	9.3	4,347.0	465.4	39.1%
City of Mentor-on-the-Lake	2007	4.3	690.0	159.1	13.4%
City of Painesville	2003	8.5	2,991.3	349.9	29.4%
City of Painesville	2000	11.5	6,588.0	573.8	48.2%
City of Painesville	1991	20.6	2,242.0	108.9	9.1%
City of Painesville	1989	22.5	7,762.0	345.0	29.0%
City of Wickliffe	2004	6.9	1,463.0	211.5	17.8%
City of Wickliffe	1997	14.8	2,901.0	195.5	16.4%
City of Willoughby	2001	10.1	1,482.0	146.4	12.3%
City of Willoughby	1996	15.2	3,414.0	225.1	18.9%
City of Willoughby	1990	21.5	1,504.0	69.9	5.9%
City of Willoughby Hills	1992	19.6	12,908.0	658.8	55.3%
Concord Township	2000	11.6	3,741.0	321.9	27.0%
Lake County Engineer	2000	10.9	2,986.0	274.6	23.1%
Lake County Engineer	1991	20.2	4,000.0	197.8	16.6%
LeRoy Township	2001	9.9	4,148.5	418.5	35.1%
Perry Township	2006	4.9	1,419.0	291.5	24.5%
Perry Township	1993	18.4	3,794.0	206.3	17.3%
Perry Township	1989	22.6	4,408.0	195.1	16.4%
Village of Fairport Harbor	2002	9.4	4,639.0	495.1	41.6%
Village of Krtland Hills	2004	7.7	1,409.0	183.2	15.4%
Village of Madison	1999	12.3	4,398.0	356.3	29.9%
Village of Perry	1998	12.0	3,010.8	250.8	21.1%
Village of Waite Hill	2001	10.2	3,915.0	384.0	32.2%

Table A8: Excavator

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Painesville	2001	9.8	1,953.0	198.5	16.7%
City of Willoughby	2001	10.1	2,003.0	198.3	16.7%
City of Willoughby	1982	27.7	6,231.0	225.0	18.9%
City of Willoughby Hills	2009	2.6	765.0	296.1	24.9%
Concord Township	2006	5.1	1,461.0	287.9	24.2%
Concord Township	2004	7.7	623.0	81.2	6.8%
Lake County Engineer	2003	8.3	2,480.0	299.8	25.2%
Lake County Engineer	2002	8.8	5,807.0	661.9	55.6%

Table A9: Bulldozer

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
Lake County Engineer	2006	5.3	3,030.0	576.6	48.4%

Table A10: Road Grader

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Eastlake	1976	36.3	6,214.3	171.3	14.4%
City of Willoughby	1982	29.5	350.0	11.9	1.0%
Madison Township	1982	29.5	2,592.0	87.8	7.4%

Table A11: Asphalt Paver

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Kirtland	2000	11.6	1,086.0	93.5	7.9%
City of Willoughby	1998	13.1	560.0	42.8	3.6%
Lake County Engineer	1999	12.4	282.0	22.7	1.9%
Lake County Engineer	1991	20.7	52.0	2.5	0.2%

Table A12: Crack Sealer

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Kirtland	1993	18.3	1,783.0	97.2	8.2%
Concord Township	1987	24.8	2,337.0	94.4	7.9%
Lake County Engineer	2004	7.5	1,285.0	171.6	14.4%
Lake County Engineer	2003	7.8	1,897.0	244.4	20.5%
Madison Township	2000	11.6	766.0	65.8	5.5%

Table A13: Asphalt Roller

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Kirtland	2005	6.1	417.0	68.2	5.7%
City of Kirtland	1999	12.3	2,489.0	201.7	16.9%
City of Wickliffe	2006	5.6	270.0	48.2	4.1%
Concord Township	2006	5.6	406.0	72.9	6.1%
Lake County Engineer	2001	10.6	1,161.0	109.9	9.2%
Lake County Engineer	1990	21.4	2,129.0	99.6	8.4%
Perry Township	2008	3.3	114.0	34.6	2.9%
Village of Waite Hill	2008	3.6	45.0	12.4	1.0%

Table A14: Durapatcher

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
Concord Township	2010	1.2	661.6	550.1	46.2%

Table A15: Street Sweeper

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Eastlake	2006	4.7	1,272.3	272.4	22.9%
City of Painesville	2003	8.3	5,743.6	693.3	58.2%
City of Willoughby	2008	3.1	970.0	311.1	26.1%
Lake County Engineer	2003	8.3	4,294.0	518.3	43.5%
Lake County Engineer	1994	18.2	13,016.0	714.7	60.0%
Madison Township	2002	9.0	214.0	23.7	2.0%

Table A16: Air Compressor

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Kirtland	1992	19.3	528.0	27.3	2.3%
City of Willoughby	2002	9.4	188.0	20.1	1.7%
Concord Township	2002	9.5	498.0	52.4	4.4%
Concord Township	1987	24.4	1,240.0	50.8	4.3%
Lake County Engineer	2006	5.4	198.0	36.6	3.1%
Lake County Engineer	2006	5.4	194.0	35.9	3.0%
Lake County Engineer	1989	21.9	1,579.0	72.1	6.1%

Table A17: Leaf vacuum

Entity	Model Year	Available Years	Total Hours	Avg. Annual Hours	Avg. Annual Utilization
City of Willoughby	2006	5.3	574.0	108.6	32.6%
City of Willoughby	2000	11.3	1,640.0	145.3	43.7%
City of Willowick	2008	3.3	214.0	64.2	19.3%
City of Willowick	1998	13.3	1,504.0	112.7	33.9%
Madison Township	2004	7.0	92.0	13.2	4.0%

Exhibit A[6]

INTERGOVERNMENTAL AGREEMENT FOR EQUIPMENT SHARING - SCHOOL DISTRICT NO. 68, VILLAGE OF WOODRIDGE AND WOODRIDGE PARK DISTRICT

THIS AGREEMENT, made and entered into this 14th day of February, 1983, by and between SCHOOL DISTRICT NO. 68, a body corporate and politic, the VILLAGE OF WOODRIDGE, an Illinois Municipal Corporation, and the WOODRIDGE PARK DISTRICT, a body corporate and politic.

WITNESSETH:

WHEREAS, each of the parties hereto owns various pieces of equipment, motor vehicles and implements which, when not being used by the owner, may from time to time be borrowed and used by another party to this Agreement upon the terms hereinafter set forth; and,

WHEREAS, that the parties hereto desire to foster the economic and efficient utilization of public funds expended for the equipment, motor vehicles and implements and in connection therewith to provide for the borrowing and use of such property by the parties to this Agreement; and

WHEREAS, that the purpose of this Agreement is consistent with the goals of the Intergovernmental Cooperation clause of the Constitution of the State of Illinois (Article VII, Section 10) and is further authorized by Chapter 127, Illinois Revised Statutes, 1979, Section 741 et seq.

NOW, THEREFORE, in consideration of the foregoing recitals and of the covenants and conditions hereinafter set forth, the adequacy and sufficiency of which the parties hereto hereby stipulate, the parties agree as follows:

I. **AGREEMENT OF THE PARTIES**
(A) Any party to this Agreement may borrow from any other party to this Agreement such items of personal property (e.g. equipment, motor vehicles, tools and implements) as are immediately needed by the borrowing party and not then being used or otherwise committed by the lending party. The borrowing party must notify and obtain the approval from the lending party prior to taking possession of such property, such notice and approval to be in
writing whenever practical. The governing Board of each party to this Agreement shall notify the governing Board of each other party to this Agreement, in writing, as to the name and capacity of the employee designated as the person responsible for giving and receiving notice and granting or denying approval;

[6] **Source:** http://www.lib.niu.edu

(B) The borrowing party will permit only capable, experienced and qualified personnel to operate and use the borrowed property. The borrowing party shall return the borrowed item promptly after use and in the same condition as when it was borrowed, except for ordinary wear and tear.

(C) The owner of each vehicle licensed pursuant to the provisions of the Illinois Vehicle Code, Illinois Revised Statutes, 1979, as amended, Chapter 95 1/2, shall procure and maintain at its sole and exclusive expense comprehensive personal injury and property damage insurance with a minimum coverage of $1,000,000 and shall adequately cover all operations of said vehicles under the exercise of the privileges herein granted, whether performed by the owning party, the borrowing party or their contractors, agents, and/ or employees. In the event a claim is made and paid under any insurance policy, arising out of the use of any licensed vehicle by any borrowing party, said borrowing party shall, upon demand, reimburse the owner of said vehicle in an amount equal to the self insurance or insurance deductible portion paid or owed by said owner unless paid or reimbursed by a third party. Nothing contained in this Section shall be construed as a waiver of the subrogation
rights of any insurance carrier.

To the extent that the insurance coverage set forth hereinabove is not sufficient to cover any claim, the borrowing party agrees to indemnify, release and hold the owner harmless from any and all liability, causes of action, suit, judgments, settlements, damages or demands of whatsoever nature arising out of the conduct of the borrowing party, its officers, agents, and employees (whether or not authorized) while using the borrowed vehicles.

The borrowing party further agrees to reimburse the owner, its officers, agents, employees and servants for any and all attorney's fees and court costs incurred by any of such parties in defending any claim, cause of action, suit or demand for which indemnification has been agreed.

(D) The borrowing party of each piece of equipment or vehicles, not otherwise licensed pursuant to the provision of the Illinois Vehicle Code, Illinois Revised Statutes, 1979, as amended. Chapter 95 1/2, shall procure and maintain at its sole and exclusive expense, comprehensive personal injury and property damage insurance with a minimum coverage of $1,000,000 and shall adequately cover all operations of said vehicles or equipment under the exercise of the privileges herein granted and to replace said equipment at replacement cost value, whether performed by the borrowing party, contractors, agents and/or employees.

With respect to the borrowing of equipment as provided for under subsection (D), the borrowing party agrees to indemnify, release and hold the owner harmless from any and all liability, causes of action, suits, damages or demands of whatsoever nature arising out of the conduct of the borrowing party, its contractors, agents and/or employees (whether or not authorized) while they are using the vehicles or equipment borrowed. The borrowing party further agrees to reimburse the owner, its officers, agents, employees and servants for any and all attorney's fees and court costs incurred by any of such parties in defending any claim, cause of action, suit or demand for which indemnification has been agreed.

Any party borrowing equipment and vehicles, as provided for under this subsection (D), hereby waives, releases, and discharges its rights of recovery against such owner, by subrogation or otherwise, for any loss and damage arising out of the operation or use of such equipment and vehicles as provided for by this Agreement.

(E) Notwithstanding any provision of this Agreement to the contrary, each party to this Agreement shall at all times maintain worker's compensation coverage as provided by the statutes of the State of Illinois. Each party shall be responsible for worker's compensation claims made by its employees, agents or contractors.

II. **SUCCESSORS GOVERNMENTAL ENTITIES** This Agreement shall be binding upon and insure to the benefit of any successor governmental legal entity which may assume and perform the duties of any party hereto. Notwithstanding the foregoing, this Agreement shall not be assigned by any party hereto without the prior written consent of the other parties to this Agreement.

III. **SEVERABILITY**
The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and the Agreement may be enforced with that provision severed or as modified by the court.

IV. **ENTIRE AGREEMENT**
This Agreement sets forth the entire understanding of the parties and may only be amended, modified or terminated by a written instrument signed by the parties except as herein otherwise provided.

V. **GOVERNING LAW**
This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois.

VI. **TERMINATION**
Any party may terminate this Agreement, provided, however, that the party desiring to terminate this Agreement shall give thirty (30) days prior written notice to all other parties to this Agreement.

VII. **NOTICES**
All notices hereunder shall be in writing and must be served either personally or by registered or certified mail to:

A. VILLAGE OF WOODRIDGE at: 1900 West 75th Street Woodridge, Illinois 60517
B. SCHOOL DISTRICT NO. 68 at: 2525 Mitchell Drive Woodridge, Illinois 60517
C. WOODRIDGE PARK DISTRICT at: 2909 Forest Glen Parkway Woodridge, Illinois 60517

To such other person or place which any party hereto by its prior written notice shall designate for notice to it from the other parties hereto.

VIII. **COUNTERPARTS**
This Agreement is executed in multiple counterparts, each of which shall be deemed to be and shall constitute one and the same instrument.

IN WITNESS WHEREOF, each party has caused its respective officers to execute this agreement.

BY:_____
President, Board of Education

ATTEST:
_____
Secretary VILLAGE OF WOODRIDGE

BY:-

_____
MAYOR

ATTEST:

_____
Deputy Village Clerk WOODRIDGE PARK DISTRICT,

BY:-_____
PRESIDENT, BOARD OF PARK COMMISSIONERS

ATTEST:

_____
Secretary

Exhibit B[7]

EQUIPMENT SHARING AGREEMENT:
FARMINGTON VALLEY TRAIL MAINTENANCE

WHEREAS, General Statutes §7-148cc establishes a process wherein municipalities may develop and implement Equipment Sharing Agreements to provide shared equipment and other assets; and

WHEREAS, the exchange, furnishing or providing by one or more municipalities for joint use of certain equipment has been found to be of benefit to all participating municipalities, both in making more equipment available and in reducing the cost of such equipment use; and

WHEREAS, Avon, Simsbury, Canton, Farmington, Granby, East Granby, Suffield and Burlington ("the Participating Municipalities") desire to enter into an Equipment Sharing Agreement for the shared use of trail maintenance equipment for the ongoing maintenance of the Farmington Valley Trail; and

WHEREAS, maintenance of the Farmington Valley Trail is well suited to the sharing of equipment because the trail runs through each Participating Municipality; and

WHEREAS, the equipment will be purchased through funding from the State of Connecticut as part of the Regional Performance Incentive Grant Program, administered by the Capitol Region Council of Governments, which program is intended to foster and enhance joint provisions of municipal services across town borders.

NOW THEREFORE, to accomplish the goal of maintenance of the Farmington Valley Trail across town borders, each Participating Municipality hereby adopts this Equipment Sharing Agreement according to the following terms:

1. The Governing Board as defined below shall designate one municipality as the "title owner" of the equipment and it will be carried on its schedule of property for insurance. In the event of damage to the equipment which results in an insurance claim, the deductible will be payable by the municipality that had use of the equipment at the time of the accident, said use defined herein as "care, custody, and control". The insurer for the Participating Municipalities represents and agrees that the deductible may be paid by a town other than the title owner town and that such payment shall not prevent payment of the claim. Each participating municipality agrees to cover the equipment while in its care, custody or control, for general liability coverage.

[7] www.crcog.org/publications/Service_SharingDocs/PublicWorks-Engineering/TrailAgreementWithHoldHarmless.pdf

2. Each Town will be responsible for any liability issues including but not limited to claims by its employees and by third parties that arise out of an event that occurs while it has care, custody and control of the equipment.

3. The Participating Municipalities agree that the title owner municipality shall be held harmless from any and all claims of liability and expenses related to those claims that may arise from an occurrence when the equipment is in the possession of another Participating Municipality. As a condition to the title owner municipality agreeing to enter into this Equipment Sharing Agreement, each of the Participating Municipalities agrees to execute not later than January 15, 2009, a hold harmless and indemnification agreement in a form approved by the Governing Board and satisfactory to the title owner municipality. This hold harmless and indemnification agreement will include indemnification and /or attorneys fees for any "suit" in which the title owner municipality is a party, including but not limited to disputes with regard to liability and any other associated collection costs. Irrespective of any other provision to the contrary in this Equipment Sharing Agreement, the title owner municipality may withdraw from the Agreement if any of the other Participating Municipalities has failed to execute such a hold harmless and indemnification agreement by that date.

4. The equipment subject to this Equipment Sharing Agreement is set forth in Schedule A to this Agreement. The Governing Board shall be empowered to add to or subtract from the listed equipment from time to time upon the majority vote of the membership of the Governing Board without amendment to this Agreement. The title owner municipality shall notify its insurance carrier of any and all additions or subtractions. It shall be the responsibility of each Participating Municipality to properly train its operators to use the equipment subject to this Equipment Sharing Agreement.

5. The following operational considerations shall be enforced by the Participating Municipalities through the Governing Board:

a. Housing: The equipment shall be housed in the title owner municipality unless, by vote of the Governing Board, the decision is made to house the equipment in a different location.

b. Maintenance: The town housing the equipment will be responsible for performing routine maintenance. The Governing Board shall develop a method for handling more extensive repairs. The housing town will periodically evaluate each piece of equipment acquired under this agreement and each year will provide the Governing Board with an estimate of the cost of maintenance for the coming fiscal year prior to the annual budget cycle so that each town can plan for their share of the cost in its
annual budget.

c. Insurance: The equipment will be covered under the housing town's insurance policies. Any liability insurance of the municipality that is using the equipment shall be considered primary over any other collectible insurance regardless of any other insurance clauses.

d. Insurance Deductible: If equipment is damaged by operator negligence in any town and insurance covers repair of the damage to the equipment, any deductible on that insurance will be reimbursed to the housing town by the town responsible for the operator's performance.

e. Operating Costs: The housing town will cover routine operating costs (maintenance, insurance) and will bill the other towns on a regular basis (quarterly or annually). Routine operating and maintenance costs other than fuel will be split equally among 3 the eight towns with each town paying 1/8 of the costs. Fuel will be provided by the town using the equipment; each Participating Municipality agrees to take the equipment full and return it full.

f. Operator Proficiency: Each Participating Municipality shall be responsible for ensuring that its staff assigned to the equipment in that town is competent to use that equipment and for addressing staff performance issues under the town's personnel policies should the equipment be misused or damaged by an operator in that town. g. Scheduling Use: Scheduling will be managed by the public works managers of each Participating Municipality.

h. Municipal Participation: The agreement will remain in force as long as at least two towns continue to participate.

7. This Equipment Sharing Agreement shall remain in effect for five (5) years, with the first year beginning on November 1, 2008 and the last year expiring on October 31, 2013. The Equipment Sharing Agreement shall automatically renew for successive terms of five (5) additional years unless all but one Participating Municipality provides a written notice to the other of its election not to renew the Equipment Sharing Agreement for another five (5) assessment years. Such notice must be provided at least thirty (30) days prior to the scheduled expiration of the original or any renewal term of the Equipment Sharing Agreement. In no event shall the Agreement extend beyond 40 years from November 1, 2008.

8. The Participating Municipalities shall establish a Governing Board to accomplish the purposes of this Equipment Sharing Agreement. Each Participating Municipality shall appoint the Town's chief administrative officer or designee as its member of the Governing Board. Each Participating Municipality shall have one voting member on the Governing Board. The Governing Board shall address any concerns that come up which are not explicitly defined in the Equipment Sharing Agreement and will be the ultimate arbiter of any disagreements among towns relative to any aspect of the Agreement. The Governing Board will be advised by the public works managers of each Participating Municipality relative to issues related to acquisition, use and maintenance of equipment.

9. Disputes arising from the operation or interpretation of this Equipment Sharing Agreement that cannot be resolved by the Participating Municipalities shall be submitted to mediation and arbitration to the American Arbitration Association (AAA) according to its rules and procedures.

10. This Equipment Sharing Agreement shall be governed by the laws of the State of Connecticut. Any changes to the Equipment Sharing Agreement not within the scope of the powers granted to the Governing Board shall be in writing in a document duly executed by each Participating Municipality. The Participating Municipalities may separately execute counterpart

originals of this Equipment Sharing Agreement (and any amendments thereto,) which together shall be deemed to constitute one and the same agreement.

11. The Participating Municipalities agree to follow the procedures for adoption and for review at least once every five years of this Equipment Sharing Agreement set forth in General Statutes §7-148cc.

12. The Chief Executive Officer is hereby authorized to execute this Equipment Sharing Agreement.

WHEREFORE, each Participating Municipality has duly approved and caused to be executed this Equipment Sharing Agreement on the dates set forth below, to be effective for the year commencing on November 1, 2008.

TOWN OF AVON

_____

By:
Its:

TOWN OF SIMSBURY

_____

By:
Its:

TOWN OF CANTON

_____

By:
Its:

TOWN OF FARMINGTON

_____

By:
Its:

TOWN OF EAST GRANBY

_____

By:
Its:

TOWN OF GRANBY

_____

By: