**Washington State Department of Transportation**

# Memorandum

Highways & Local Programs
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April 26, 2007

TO: Kirk Berg, North Central Region
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Ralph Robertson, Eastern Region
Glenn Schneider, Southwest Region, S15
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FROM: Linea K. Laird/David M. Jones

SUBJECT: New Equipment Rental Agreement

The Equipment Rental Agreement supplements the Standard Specification section 1-09.6 and directs the payment for equipment used on force account work. Equipment rental agreements first entered our Standard Specifications in 1957, the oldest agreement we have a copy of at the State Construction Office is a 1978 agreement. The last major overhaul of the agreement by the Associated General Contractors/Washington State Department of Transportation (AGC/WSDOT) Administration Team was in 2004, with a fuel cost supplemental agreement in March 2006. Since that time the AGC/WSDOT Administration Team has found the agreement to be in good working order, but in need or some updating.

The Equipment Rental Agreement has been revised per section 10 of the enclosed agreement. The following changes have been made.

- Under Item 1. General and Item 6. Blue Book Omissions, the reference to volumes 1 and 2 have been eliminated as unnecessary. There are now three volumes.
- Under Item 1. General, the "Adjustment" in the Blue Book is to be used. The previously agreed to use of a constant "Adjustment" of 0.986 has been eliminated.
- Under Item 4. Rental equipment, the second paragraph has been eliminated. This paragraph prohibited the reimbursement of damage waiver charges and repair of damage. Normal wear and tear of equipment is included in the blue book rates. The Project Engineer now has the discretion to purchase the damage waiver when it makes good business sense. Upon request, the contractor should be able to demonstrate purchasing the damage waiver is consistent with their standard business practice. Additional guidance will follow as construction manual language.
- Under Item 6. Blue Book Omissions, a new subsection has been added to address equipment over 20 years old.

The revised agreement is to be used on all force account work preformed on or after May 1, 2007. Contracts reference the "current" agreement so no change order is necessary.

If you have any questions please call David M. Jones, at (360) 705-7832.

LKL:dmj
Attachment:
cc: David Mounts, Highways and Local Programs, 47390

**AGC – WSDOT**
**EQUIPMENT RENTAL AGREEMENT**

Effective Date: May 1, 2007 Until Further Notice

It is mutually agreed by the parties to this agreement that rental rates to be paid Contractors for equipment used on force account will be established in accordance with Section 1-09.6 of the Standard Specifications and this agreement. The following rules have been agreed to:

1. **General**

The Rental Rate Blue Book published by Primedia Information, Inc., as clarified or modified by this agreement, will be used to establish rental rates for equipment approved for use on force account work. Rate modifications, indicated on Regional Adjustment Maps in the Blue Book and as applied automatically by the Blue Book CD (Washington State Version), shall be used for all equipment covered under this agreement. Updates to the Rental Rate Book, in compact disk format, are published on a schedule determined by Primedia Information, Inc. Each update will become applicable to force accounts fourteen days after the date on which Primedia Information, Inc. declares the update to be effective. Equipment used under the terms of this agreement will be at the rates in effect for each section of the Blue Book at the time of use except that calculations made prior to the applicable date, using the previous rates, will not be changed.

2. **Rental Rate**

The hourly rental rate for equipment utilized on force account shall be a combination of the following items:

a. The Blue Book monthly rate multiplied by the Rate Adjustment factors for age and geographic location divided by 176.

b. Attachments will be included in the rental rate when the Engineer deems them necessary to accomplish the force account work. An approved attachment that is continuously attached and used intermittently during the work will be paid for the same duration as the host equipment. When multiple attachments are approved for use, and the attachments are being used interchangeably on the force account operation, only the one attachment having the higher rate will be paid.

c. The hourly operating cost for each hour that the equipment is in use. "In use" shall mean that the presence of the equipment is necessary for the operation and that the equipment is present and is not being used for other activities while the force account work is underway. Under the circumstances, the equipment shall be paid at its hourly rate plus the hourly operating cost.

3. **Standby Time**

Standby time shall be defined as the time during which equipment is idled and cannot be assigned to other work on the project. Only that equipment which has been utilized for work on the force account and is expected to be utilized again on the same force account will be eligible for standby compensation. The Contractor is expected to utilize idled equipment on other work if reasonably possible. Standby time will only be paid if the Engineer has had an opportunity to evaluate the cost of standby versus the cost of mobilizing and demobilizing and has ordered standby.

When ordered by the Engineer, standby time shall be paid at one-half of the rate established in accordance with this agreement. The operating cost shall not be included in the calculation for establishing the standby rate. Standby time will not be compensated beyond that amount which will bring the resulting total of operated time and standby time to 8 hours in any one day or 40 hours in any one week.

4. **Rental Equipment**

If Contactor-owned equipment is not reasonably available, the Engineer may approve the use of operated or non-operated rental equipment. Operated equipment shall be considered a "service" and shall be compensated according to section 4 of the force account specification. Non-operated equipment shall be compensated according to the provisions for rented equipment in section 3 of the force account specifications. If the invoice costs of non-operated equipment do not specifically say the fuel is included, the Rental Rate Blue Book Hourly Operating Cost shall be added for each hour the equipment operates.

When invoiced equipment is used on both force account and non-force account work, payment for the equipment will be a prorated share of the invoice cost. The time period covered by the invoice shall reflect the normal practice of the renting agency, except that the time period shall not exceed one month. When calculating the prorated share, the amounts of standby time for both types of work will be considered according to the formula:

$$\text{Share of Invoice to be charged to Force Account} = \frac{\mathbf{FC}}{\mathbf{FC + NFC}}$$

Where:

**FC** = $ Force account including standby time.
**NFC** = $ Non-force account including standby time.

5. **Mobilization**

Force account mobilization of equipment is defined as the preparatory work performed by the Contractor including procurement, loading and transportation of equipment that is intended for use in a force account. A pro-rata adjustment will be made when the equipment is eventually used for regular contract work in addition to the force account work. Mobilization also included the costs incurred during demobilization. The costs will be included in the appropriate sections (Labor, Equipment, Services, etc) depending on the nature of the cost. If the equipment being mobilized is hauled, payment will cover the hauling vehicle (operated cost). In the event that equipment is transferred under its own power, the payment will cover the operated cost of the equipment plus operator costs. Move-out, or demobilization costs will provide for the return of the equipment to the location from which it was obtained. In the event that the move-out is to a different location, payment will not exceed the amount of the move-in.

If approved by the Engineer, payment will be allowed for moving equipment from work site to work site within the project after the equipment is on the job.

Charges for mechanic's time utilized in servicing equipment to ready it for use prior to moving to the project and similar charges will not be allowed.

6. **Blue Book Omissions**

In the event a rate has not been established for a particular piece of equipment in the Rental Rate Blue Book, a rate will be established, utilizing one or more of the following methods:

a. Use a rate for the most similar model found in the applicable Blue Book. Such characteristics as manufacturer, capacity, horsepower, and fuel type will be used as the basis for selecting a similar model.

b. Contact Primedia Information, Inc, (through the WSDOT OSC Construction Office) for the rate not included in the Book.

c. Utilize a rate agreed upon by the parties.

d. For equipment that is older than 20 years the oldest adjustment rate available in the book shall be used.

7. **Breakdown**

The Contractor shall provide reasonable maintenance efforts for equipment utilized in force account. When a breakdown occurs for any piece of equipment being used on force account work, the Contractor shall divert idled equipment. Payment shall cease for the equipment that is broken down. Payment shall also cease for any other equipment that is idled as a result of the breakdown (there will be no standby payment.) Payment for any labor that is idled as a result of the breakdown will be made in accordance with provisions of section 1 of the force account specifications, particularly as related to contractual obligations and normal practices of the Contractor.

8. **Shutdown**

If the Engineer orders a shutdown of any or all of the force account, the equipment idled as a result of the shutdown shall be diverted to other work. When diversion of equipment is not practical, standby time may be paid during non-operating hours as provided in Item 3 of this agreement.

The Engineer reserves the right to cease standby payment for equipment that is idled as a result of a shutdown when the shutdown is anticipated to be for an extended period of time. No further payment shall be allowed after the date the Engineer makes this determination except as provided in Item 5 of this agreement, "Mobilization."

Standby time shall not be paid when shutdown is the result of the fault or negligence of the Contractor.

9. **Small Tools**

Any contractor-owned equipment listed in the Blue Book with a monthly rate of less than $100 and any other equipment with a purchase price of less than $500 shall be considered Small Tools and shall be paid by negotiation rather than using an hourly rate (except for rentals.) Any such small tool that is rented shall be paid according to the rental provisions in the Equipment section of this agreement. All other Small Tools shall be paid by agreement of the parties. After the force account work has been completed, (or more often, by agreement of the parties,) the Contractor shall promptly supply a list of small tools and equipment that have been utilized in the work. The list shall be supported by invoices or, in the event the item came from stock, by a Contractor affidavit of purchase cost. The negotiation of the Small Tools payment may include discussions of shared use with other work and of residual value, if appropriate. Once agreed upon, the small tools amount will be added to the payment amount in the Equipment section (Section 3 of the force account specification.)

10. **Aeration Equipment**

The rental rate for plows and discs shall be as listed below:

Plows and discs meeting the requirements of Section 2-03.3(15) of the Standard Specifications shall be paid at the rate of $9.60 per hour.

Add $0.70 per hour per foot of width for additional width of disc more than 10 ft.

Motive power for discs and plows shall be capable of pulling discs and plows at the speeds specified in Section 2-03.3(15) of the Standard Specifications. Payment for motive power shall be 100 percent of the rates in this agreement except that equipment having motive power in excess of 340 horsepower shall be paid at 100 percent of the highest equipment rate for a comparable unit of the same manufacturer having less than 340 horsepower.

Payment for all other equipment approved for Aeration shall be at the rates established in accordance with this agreement when used for aeration work.

10. **Concurrence, Review Time**

This agreement is issued after conference among representatives of the Associated General Contractors of Washington and the Washington State Department of Transportation and has the approval of both. Either party may request a review after a one-year period.

**Associated General Contractors of Washington**

Van Collins
Southern District Manager

**Washington State Department of Transportation**

Linea Laird
State Construction Engineer