

EQUIPMENT COST SURVEY INSTRUCTIONS

The information supplied by contractors on equipment ownership and operating costs is the basis for determining equitable recovery rates. Maintaining equipment solvency is essential to profits, and each contractor participating in this survey performs a vital role in the effort to develop rental rates and add to the utility of the product.

A. Please respond to all questions with average figures. If you are unable to provide a reasonable estimate for a particular cost, please indicate "unknown."

B. Please describe your equipment on the survey answer form. If you need more space for descriptions, please write them on the back of the survey answer form.

C. For each equipment type you have described, complete the survey answer form with your response to the following subjects:

1. ECONOMIC LIFE HOURS

Indicate the approximate economically productive hours a new machine will have, even if your equipment was purchased used. This is the number of hours you expect to use a new machine profitably.

2. ANNUAL USE HOURS

Indicate the approximate number of hours you actually operate this equipment in a normal year. A normal year is approximately 2,112 hours (176 hours per month, 12 months per year). In your calculation of average annual use hours, consider deductions for inactive periods due to climate and modifications for market conditions that increase or decrease your annual use hours.

3. DISCOUNT PERCENT

Indicate the average or typical discount you receive from the manufacturer's suggested list price (not including freight costs). If you do not get discounts, indicate "0" (zero). Discounts should be written in percentages.

4. FREIGHT COST

This is the average freight cost for equipment delivered by the supplier to the initial destination. Show the dollar amount you paid in initial freight cost for this equipment.

5. SALVAGE VALUE

Show the approximate dollar value of the equipment after its economic life is complete.

6. EQUIPMENT OVERHEAD COSTS

Equipment overhead costs are state and local sales and use taxes, normal risk insurance, storage and security costs, license fees, inspection fees, and mechanics' supervision costs. These equipment overhead costs do not include general company overhead or interest on investment.

Show the total annual dollars spent for these items.

Example calculation:

\$ 800	Taxes, License and Inspection Fees
1,500	Insurance
100	Storage and security (Prorated)
<u>200</u>	Mechanics' Supervision (Prorated)
\$2,600	

7. ANNUAL REPAIR HOURS (Field Repair and Preventive Maintenance)

Indicate the average total mechanic hours required each year to maintain the equipment in good operating condition. This includes both field repairs and preventive maintenance. Do not include major overhaul costs as these will be considered separately.

8. ANNUAL REPAIR PARTS COST (Field Repair and Preventive (Maintenance)

Show the average total annual dollars spent on field repair and preventive maintenance parts and supplies. Do not include major component replacement or overhaul costs as these will be considered separately.

9. OVERHAUL LABOR (Economic Life)

Estimate the total mechanic hours that will be required over the economic life of the equipment for major overhaul. Overhaul is considered rebuilding or replacement of major components such as engines, transmissions, undercarriages, etc. (Work performed at an outside shop should also be included).

10. OVERHAUL PARTS COST (Economic Life)

Estimate the total dollars you expect to spend on overhaul parts over the economic life of the equipment. Overhaul is considered rebuilding or replacement of major components such as engines, transmissions, undercarriages, etc. (Work performed at an outside shop should also be included).

11. TIRE COSTS

Show the total dollar amount you spend for a set of tires and tire repairs for this equipment during the expected tire life.

12. TIRE LIFE HOURS

Indicate the average number of hours you expect a set of tires to last under normal, non-severe job conditions.

13. HOURLY FUEL CONSUMPTION

Show the average hourly fuel consumption in gallons for this equipment under normal job conditions.

14. HOURLY LUBE COST

Show the average dollars per hour spent on lubrications for this equipment. (Labor costs associated with lubrication should be included).

D. To assure that your responses are properly classified, please check to see that the description for each type of equipment is filled out completely.

E. At the bottom of the survey form, please indicate your mechanics' average wages (including fringe benefits), price of fuels, your title, company name and address, telephone number and the date.

F. If you have any questions regarding the survey, please call 1-800-669-3282.

G. Please fax (408/467-6741) or mail the completed survey answer forms to:

EquipmentWatch
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San Jose, CA 95110

ATTN.: Cost Guide Research