WHAT DOES IT COST?

A NEW EDITION OF NRCA'S ROOFING CONTRACTORS EQUIPMENT COST SCHEDULE IS AVAILABLE

by Nick Gallagher

The accountability, use and operating costs of equipment, including trucks, cranes and small tools, play an important role in a roofing company's profitability because incorrectly calculating equipment cost rates can have negative consquences.

NRCA recently released a new edition of its *Roofing Contractors Equipment Cost Schedule* that includes many of the most commonly used tools and gear in roofing operations. The publication also offers guidance for calculating equipment costs for your roofing business, including depreciation, major repairs, interest, taxes, storage and insurance.

WHAT'S INCLUDED

NRCA's equipment cost schedule is a digital publication that can help you make informed decisions when setting roofing equipment cost rates. It includes descriptions of pieces of equipment as they are commonly sold; their selling prices; and monthly, weekly, daily and hourly expense rates.

The cost rates established for equipment represent an estimated average of conditions under which the equipment is expected to operate. The equipment costs are based on the average list prices of known suppliers, free onboarding from their points of manufacture plus 10% for freight.

The prices and rates are provided as a guide to be used only when estimating direct costs. The prices and rates do not account for operating and maintenance costs or profit. Therefore, adjustments may be required for particular conditions, such as weather, job locations and length of a construction season. The costs also do not consider loading, erecting, operating or dismantling equipment; fuel; lubricants; expendable items; wages or transportation of operating crews; or general business expenses. Sales and use taxes also

ITEM	DEPRECIATION PERCENT	MAINTENANCE AND REPAIRS PERCENT	INTEREST, TAXES, STORAGE AND INSURANCE PERCENT	TOTAL COLUMNS 1, 2 AND 3 PERCENT	AVERAGE USE NUMBER OF MONTHS PER YEAR	PERCENTAGE OF COST OF EQUIPMENT PER MONTH
Trucks	33	12	12.5	57.5	8	7.2

Figure 1: Schedule to Arrive at Expense per Month Chart

DESCRIPTION	COST	MONTH	WEEK	DAY	HOUR
½-ton pickup, extended cab, V8 gasoline, 6,400 GVWR	$66,843.00	$4,832.19	$1,691.27	$628.18	$77.32
Week: $4,832.19 x 0.35 = $1,691.27 Day: $4,832.19 x 0.13 = $628.18 Hour: $4,832.19 x 0.016 = $77.32					

Figure 2: Calculated weekly, daily and hourly rates

are not included. All these items should be considered when calculating actual costs.

UPDATES

The following changes have been made to better reflect costs roofing contractors incur when using equipment:

- *Costs*: The most apparent change is the values of average costs have been updated to more accurately reflect the current marketplace.
- *Equipment updates*: New items have been added to stay current with evolving technology in the industry.
- *Depreciation percentages and average use*: The conservative average number of months per year a roofing contractor can reliably use equipment, along with the average lifespan of each listed item, were evaluated. Adjustments were then made to the schedule values used to calculate the monthly expense.

HOW COSTS ARE DETERMINED

Cost schedules for each piece of equipment are calculated by first determining the percentage of the equipment's total cost charged per month. This is accomplished by using the Schedule to Arrive at Expense per Month Chart (see Figure 1). This percentage is based on several factors for each item including expected useful life, number of months it can be used per year, and related expenses such as maintenance, repairs, insurance, taxes and storage.

Then, the monthly expense percentage is applied to the product's average cost to calculate the monthly expense shown in the equipment cost tables. This monthly figure serves as the basis for calculating the corresponding monthly, weekly, daily and hourly values displayed alongside the total.

Using trucks as an example (see Figure 1), the useful life is estimated to be three years. Therefore, 33% annual depreciation is listed in Column 1. The average use in months per year (Column 5) is estimated from industry averages (eight months). Maintenance and repairs are estimated to be 12%, and interest, taxes, storage and insurance are estimated to be 12.5%.

The total percentage of depreciation (Column 1); maintenance and repairs (Column 2); and interest, taxes, storage and insurance (Column 3) is about 57.5 (Column 4). When divided by the estimated average use in months per year (eight), the total expense percentage is about 7.2 (Column 6). Therefore, for our trucks example, the monthly rate is $4,832.19 ($66,843.00 x .072). The weekly, daily and hourly rates (see Figure 2) are calculated by multiplying the monthly rate by the following percentages, respectively: 35%, 13% and 16%.

GET IT FOR NO COST

The updated electronic version of NRCA's *Roofing Contractors Equipment Cost Schedule* is available free for NRCA members and can be downloaded at shop.nrca.net. Nonmembers may purchase or download the document.

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