

CD RENTAL EQUIPMENT PROGRAMS

WHY HAVE RENTAL EQUIPMENT?

Montana Conservation Districts (CDs) have statutory authority to work on natural resource issues ([76-15-101 and 102, MCA](#)). One important, although indirect, way to do this is through administration of rental equipment programs. This allows them to provide local landowners with opportunities to implement conservation practices that they may not be able to do otherwise. Importantly, in many small communities, rental equipment is often lacking, and landowners often may not have the financial resources to purchase necessary equipment, or they may not be inclined to purchase it for trial use.

COMMON TYPES OF RENTAL EQUIPMENT

- Tree planting equipment: planter, fabric layer
- Range: sprayers
- Farming equipment: No-till drill, broadcast seeder, manure spreaders
- Livestock water: shallow-bury pipeline plow
- Livestock fencing: post-pounder, fence cleaner

Exercise: Take 10 minutes to examine the most common natural resource issues within your CD and brainstorm conservation practices that would address these issues. Then, go through the list of practices and write down equipment that could help local landowners implement these practices. Then, go through the list, and rank what equipment would be used the most within the CD. Consider other rental companies when determining need and demand.

HOW TO PAY FOR IT...AGAIN?

When a CD has identified a needed piece of equipment, there are many different components to budgeting. The first question to ask is how much will that equipment cost? It is important to get several quotes and follow procurement law (reach out to DNRC CDB for guidance). It is possible to get a grant; however, many CDs save funds to purchase equipment, sometimes using previous equipment income to do so. Your equipment budget should include estimated annual rental income and maintenance costs. One important way in which rental programs have longevity is through timely replacement and through trade or sales. Also, incorporate an inflationary factor when budgeting for a replacement. Rental rates should be carefully considered. They should not be too high to prohibit use but should be enough to offset expenses and depreciation.

BEFORE IT GOES OUT

CD staff should prepare policies and procedures for their rental equipment programs. Specifically, will equipment go out first-come first-serve? This can be a good thing to promise; however, consider wear-and-tear on equipment and whether it should be prioritized according to the geography of potential renters. Also, consider what the CD will do if a user isn't ready or has to cancel. Having an easy-to-use calendar and booking system can help; however, be prepared for increased workload during seasons of high use and cancellations due to weather.

If you have rental equipment, **don't forget about liability**. The rental agreement is critical and should include appropriate legal language to protect the CD. Renters should provide proof of sufficient insurance. They should also be provided with an inspection checklist and only take equipment that they have checked, thereby taking on all responsibility. The CD should form separate rental agreements with each party that is renting the equipment and prohibit the ability of a renter to lend CD equipment to another user. That user would need to enter into a separate rental agreement with the CD. When returned, the equipment should be inspected for damage.

Next, **don't forget about safety and training**. CD staff should be trained and knowledgeable and use of the equipment as well as safety protocols, so they can train renters. Even though renters sign an agreement that assumes all responsibility for equipment use, the CD should do everything it can to ensure the success of its renters while also protecting the CD.

WHEN IT COMES BACK

Even if a CD can financially afford a piece of equipment, you should strongly consider capacity for maintenance. Often, this is an afterthought and can lead to broken equipment and angry landowners. Many CDs rely on their staff or board members to maintain equipment. This can be challenging since staff often may not have necessary technical knowledge and board members often have limited time, especially during seasons of use. Paying for inspections and maintenance should be factored into the equipment budget.

Finally, where will the CD store its rental equipment? Some CDs have separate buildings that can be used for equipment storage. Build your budget to keep you and your equipment covered!



What does your rental agreement* say?

Take a moment to answer the following questions to help develop your own agreement:

- ✓ What is the rental rate that you want to implement?
 - Things to consider:
 - Is it going to be too high to incentivize use?
 - Is it going to be too low to ensure replacement (with trade-in)?
 - What do other rental businesses or CDs charge?
- ✓ What is the rental period you want to allow?
 - Things to consider:
 - Maximum number of acres or feet.
 - Maximum time of use.
- ✓ What is your security deposit?
 - Things to consider:
 - The cost of equipment.
 - The cost of repairs.
 - The demand for the equipment.
- ✓ What are your penalties for delinquent payment?
 - Things to consider:
 - Time spent by CD staff and supervisors.
- ✓ What will happen if a renter performs repairs?
 - Things to consider:
 - Was the damage caused by them?
 - What will their labor be worth?
 - Will you reimburse mileage for getting parts if needed?
- ✓ What specific maintenance and operations requirements are needed?
 - Things to consider:
 - Transportation of equipment.
 - Any parts that require attention.
 - How do you want the equipment returned?

*There is a standard rental agreement available under Resource Documents (<https://dnrc.mt.gov/Conservation/Conservation-Programs/Conservation-Districts/cd-resource-documents>) on the CDB website that can be edited and used. Also, talk to other conservation districts with successful programs and consider legal review of rental program agreement, policies, and other related documents prior to adopting.

