EQUIPMENT COSTING EXAMPLE

	EQUIP RATE	Hours of use per day	COST PER DAY	% of Total	Per week	Per month	OHD per machine	Cost per machine	EQUIP Rate with OHD if Only Equipment	Profit %	FINAL EQUIPMENT RATE
					5	4					
Pump										5%	
Cost of use *	$ 25.00	5	$125.00	15%	$ 625.00	$ 2,500.00	$ 0.68	$ 25.00	**$ 25.68**	$ 1.28	**$ 26.97**
Compressor											
Cost of use	$ 50.00	7	$350.00	41%	$ 1,750.00	$ 8,750.00	$ 1.91	$ 50.00	**$ 51.91**	$ 2.60	**$ 54.51**
Truck											
Cost of use	$ 75.00	5	$375.00	44%	$ 1,875.00	$ 9,375.00	$ 2.05	$ 75.00	**$ 77.05**	$ 3.85	**$ 80.90**
TOTL HOURS USE			$850.00	100%			$ 4.65				
	(A)	(B)	('C) (D)	('E)	(F)	(G)	(H)	(A)	(I)	(J)	(K)
TOTAL MACHINE COST (MONTH)					$ 20,625.00						
TOTAL MACHINE HOURS		17			85		340				
		(M)			(N)		(O)				

5 days per week 4 weeks per month

hours per day the item will be used

hours per day the item will be used

hours per day the item will be used

(A) Input the COST PER HOUR for each type of Equipment

(B) Input the number of hours per day that each piece of equipment will be used

('C) **MULTIPLY** the Cost of the equipment (A) by the Hours per day (B) to get the TOTAL (A) x (B) = (C)

(D) **ADD** all costs for each piece of equipment to obtain the TOTAL PRICE PER DAY

('E) **DIVIDE** the TOTAL Cost for all types of equipment (D) by the cost for each piece of equipment (B) to get the percentage for each piece of equipment ('C) /(D) = ('E)

(F) **MULTIPLY** the Cost per day ('C) by 5 (days per week) to arrive at the total for the week (F)

(G) **MULTIPLY** the Cost of the equipment for the week (F) by 4 -for the number of weeks per month to arrive at the total per month (G)

(H) **ADD** the Overhead per machine (SEE BELOW)

(I) **ADD** the Equipment Rate and the Overhead Rate to arrive at total Rate

(J) **MULTIPLY** a Profit percentage (that can be determined, in this example 5% used) to the equipment 'total rate' (I) To arrive at the profit for each piece of equipment

(K) **ADD** the profit to the total equipent rate to arrive at the FINAL Equipment rate.

(M) **ADD** the hours of usage for each piece of equipment to arrive at the total hours for all equipment

(N) **MULTIPLY** the total machine hours (M) by 5 to arrive at the hours per week

(O) **MULTIPLY** the weekly machine hours (N) by 4 to get the total hours per month

EQUIPMENT COSTING EXAMPLE

Overhead (FIXED)		Per Month
	Rent	$ 1,000.00
	Phone	$ 100.00
	Utilities	$ 100.00
	Insurances	$ 75.00
	Permits Licenses	$ 55.00
	MISCELLANEOUS **	$ 250.00
TOTAL		**$ 1,580.00**
	TOTAL Overhead Cost per machine hour	$ 4.65
	(P)	(Q)

(P) ADD all monthly overhead costs

(Q) DIVIDE the monthly overhead costs by the total hours per month (O) to arrive at the overhead rate ((P)/(O)) = (Q)

* Cost of use should include all items needed to use the machine
for example - gas (if applicable)

** Include Miscellaneous for other items that may arise
THE Above is applicable If there is just equipment. If there is also labor split/apportion by labor and equipment

IF EQUIPMENT AND LABOR - EXAMPLE

					OHD per Labor/Machinery (Month)	total hours for the month	OHD Cost per hour (as split)	
	TOTAL OVERHEAD	$ 1,580.00	(P)					
TOTAL DOLLARS								
	Labor Total	$ 19,862.90	49%	**('R)**	$ 775.13			Use the percentage of Labor Cost total to Machinery Total to the OHD rate
	Machinery Total	$ 20,625.00	51%	**('R)**	$ 804.87	340	$ 2.37	
		$ 40,487.90			**(S)**	**(O)**	**(T)**	
							with OHD	
	Pump	$ 25.00	(A)				$ 27.37	
	Compressor	$ 50.00	(A)				$ 52.37	
	Truck	$ 75.00	(A)				$ 77.37	

('R) **DIVIDE** the Labor Amount and Machinery Anount into tht total to get the percentage

(S) Apply (**MULTIPLY**) the percentage ('R)to the total overhead (P) or (P) x ('R) = (S)

(T) **DIVIDE** the Total OHD for Machinery by the Total Hours for Machinery to obtain the OHD for Machinery when split with Labor

Or

TOTAL HOURS				
	Labor Hours	440	56%	
	Machinery Hours	340	44%	Use the percentage of Labor Cost total to Machinery Hours and apply to the OHD rate
		780		