



## Due Diligence Report on Fleet Health for ABC Waste Hauling Co

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**Prepared for:** ABC – PE Partners

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### Executive Summary

This due diligence report evaluates the health and operational capacity of the truck fleet owned by ABC Waste Hauling Co, covering key areas including asset verification, preventive maintenance, shop condition, truck parts inventory, and overall fleet condition. The report also highlights any limitations in our analysis due to access constraints or gaps in record-keeping.

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### 1. Fleet Overview

- **Route Fleet Composition and Size:** The ABC Waste Hauling Co fleet consists of approximately 43 total route trucks including 2 Front Load, 2 Rear Load, and 39 Roll Off Trucks.
- **Support Vehicle Composition and Size:** The support vehicle consists of 12 units including 2 Container Delivery Trucks, 2 Service Trucks, 4 support pick up trucks, 2 forklifts, 2 “dry” pup trailers, and 1 skid steer.
- **Routed Unit Average Fleet Age:** The fleet’s average age is approximately 13 years with the average fleet model year of 2012. If you remove the out of service or “scrap” trucks from the fleet the average age improves by 3 years to an average fleet model year of 2015.
- **General Condition Summary:** The fleet would generally be characterized as in good operational condition when removing the scrap units from the fleet listing. We found most trucks in good operational condition. We did not observe units with leaks, worn suspensions and all are in, what would be classified as, very clean condition.
- **Classification of “Scrap” Units:** Units classified as “Scrap” are assets that are beyond their useful life based on age, year or miles and units that have been identified close to the end of their useful life that require repairs that far exceed the FMV of the unit if operational.

## 2. Asset Verification

- **VIN Verification:** VINs were cross-referenced with documentation provided to us ahead of time and all were accounted for. We did find one truck that was not on the asset list, unit 429 which was a newer 2023 Peterbilt 567 Roll-off truck.
  - **Routed Unit Operational Status:** Out of the total fleet, 31 units are fully operational or close to operational with repairs while 12 units would be classified as scrap or non-operational.
  - **New Trucks on Order:** Personnel on site reported they have 2 new Western Star Roll-off trucks waiting at the dealership to be picked up. They also report that there is a REL truck on order scheduled for delivery in February 2025.
  - **Additional Material Assets:** It should be noted that the container shop contains a CNC Plasma cutting machine. This is a material asset that has significant value. This equipment is beyond the scope of our expertise but we felt it should be mentioned in this report.
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## 3. Preventive Maintenance Process

- **Maintenance Documentation :** ABC Waste Hauling Co utilizes paper forms for preventive maintenance documentation. Some records appear incomplete or were missing specific items listed on the forms. They do state that they do more than what is on the forms. Our opinion would be that through visual inspection of documentation, the PM process could be improved with a more robust PM program and training. For example, most industry standard PM programs encompass roughly 150-to-170-line items and documentation. The current program used by ABC Waste Hauling Co is a check-off list of 20 items. Our recommendation would be to adopt a stronger more robust PM program and utilize a computerized maintenance program to track and document PM's.
  - **Service Frequency:** Maintenance is reportedly conducted on a miles or time basis. Currently they have no system to track the PM process or to assess whether vehicles are maintained in a timely manner, without tracking miles or days individually and manually. Our opinion through interviews, is their process is to check the miles when the truck comes in to the shop for a defect or identified item and then the PM is completed. If the truck is not in need of shop review, the truck could miss its scheduled PM.
  - **Stated PM Frequency is as follows:**
    - A- Short Service – 5,000 miles or 4 months
    - B- Long Service – 10,000 miles or 9 months
    - C – Transmission Service – 100,000 miles or 2 years
    - D – Tune Up – 200,000 miles
    - E – Differential Service – 500,000 miles
    - DOT Inspection – Every 12 months
  - **DOT Annual Inspections:** We observed a significant number of units without readable and legible Federal DOT stickers visible on the units. We also observed a number of them that did not have up-to-date DOT annual inspection forms inside the truck.
  - **Quality of Maintenance Process:** Maintenance practices currently do not meet the standard that would lead to a reliable fleet. Visual review of documentation and trucks show the possibility of improvement with a more robust PM program. Currently ABC Waste Hauling Co does not have any tracking mechanisms for KPI's to track the reliability of the fleet. Our recommendation would be at a minimum to track daily breakdowns as a measure of fleet reliability.
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## 4. Shop Condition

- **Facility Overview:** The maintenance shop is generally adequate for a fleet of this size. They have enough room to handle 4 units at one time and can leave trucks in for longer repairs without having to maintain units outside of the shop area.
- **Shop Compatibility for Major Repairs:** We observed and discussed major engine repairs and rebuilds happening in the shop. Our opinion would be that the facility does not have the required controls, clean room, negative air handlers, to effectively and reliably conduct major engine rebuilds and repairs. This is not uncommon and most small and medium sized fleet repair shops are not equipped to handle major engine repairs.
- **Parts Room:** Parts room size is adequate for the size of the fleet. Parts room will need to be organized, and removal of old/used/obsolete parts would be the first step in organization.
- **Equipment Condition:** Key maintenance equipment and tools were adequate for the facility and fleet size.
- **Staffing:** On-site reports of having 2 maintenance technicians, one working days and one working evenings. We observed a 2<sup>nd</sup> technician working in the evening. Our recommendation would be staffing a minimum of 3 technicians based on fleet size with 2 working evenings to eliminate the safety issue of having 1 technician working alone in the shop evenings.
- **Safety and Compliance:** Basic OSHA safety protocols were observed. We would recommend re-training or accountability for Lock Out/Tag Out. They had boards and locks but we did not observe them being utilized.

## 5. Truck Parts Inventory

- **Inventory Management System:** ABC Waste Hauling Co does not carry a parts inventory. All parts are expensed when purchased.
- **Parts Availability:** Our visual inspection and interview with on-site personnel leads us to believe that they carry an adequate parts inventory. We observed adequate levels of everyday wear parts and PM filters and parts.
- **Inventory Organization:** Parts storage is cluttered, and removal of old/used and obsolete parts would lead to more efficient parts layout.

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## 6. Overall Fleet Health Assessment

- **Reliability:** We are unable to provide a reliability assessment due to lack of KPI metrics tracking. Through questions we were able to estimate that the trucks are reasonably reliable. The newer trucks appear to be very reliable as they run 2 full FL routes with only 2 trucks.
- **Replacement Needs:** Our opinion would be that any Roll-off unit older than 15 years should be placed on a replacement schedule. FL units should have an operational life of 10-12 years and RL units have an operational life of 15 years. Given those parameters 3 Roll-off units should be reviewed for replacement in the next 1-2 years.

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## 7. Limitations of the Report

This report's findings are based on the extent of access provided by ABC Waste Hauling Co and available documentation, including:

- **Incomplete Record-Keeping:** Maintenance and parts records were incomplete or unavailable for most of the fleet, limiting full assessment of maintenance history. We reviewed a representative sample of maintenance files and found none of them had current information or data past late 2023 in them.
  - **Maintenance Record Keeping:** Current maintenance records consist of PO log of purchases sorted by vendor with the unit number associated.
  - **Lack of Oil/Fluid Sampling Program:** They currently do not have an oil sampling program. The lack of this program reduces opportunities to identify future catastrophic repairs.
  - **PM Forms:** As discussed previously PM forms are incomplete and do not provide enough information to give a fair assessment of the quality of the PM's being completed.
  - **Cost Tracking:** Incomplete record keeping does not allow cost tracking by unit or line of business, and we are unable to give an assessment as to maintenance cost for a fleet of this size as it relates to industry standards.
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## 8. Recommendations

- **Maintenance Record Keeping:** Recommend immediate implementation/utilization of a computerized maintenance tracking software where work orders are created by unit to track maintenance time and parts utilized per truck. To identify cause and corrective actions on repairs.
  - **Preventive Maintenance Program and Training:** Install and train on a robust industry standard Preventive Maintenance program including full documentation and record keeping of all required repairs. Utilize the computerized maintenance program for tracking of intervals on preventive maintenance.
  - **Oil Sampling Program:** Implement and maintain a strong oil sampling program with follow up and review of sample reports to identify potential catastrophic repairs before they occur.
  - **Federal DOT Annual Inspection Stickers:** We recommend that they move to commercial available sticker that is embossed with foil that will not fade or become illegible in weather and environment.
  - **Shop Improvement Plan:** General shop clean-up and removal of old/used and obsolete parts.
  - **Trucks with noted Major engine work to review/monitor:**
    - Unit 407 – Currently undergoing 2<sup>nd</sup> major engine repair after technician left bolt in engine loose during an “in-frame” rebuild
    - Unit 417 – Engine from unit 419 installed into unit 417
    - Unit 412 – Noted engine rebuild due to blow by
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## 9. Conclusion

Based on the fleet's current state, ABC Waste Hauling Co fleet is generally in good operational order when eliminating the units listed as scrap or non-operational.

This report provides an overview of fleet health, with recommendations based on available data, to inform the purchasing decision and identify areas needing investment.

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This report can be adjusted with further information from ABC Waste Hauling Co as it becomes available.

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