

EQUIPMENT ACQUISITION FUND SUMMARY

The Equipment Acquisition Fund (EAF) was created in FY1987 to purchase capital equipment. The EAF acquires the majority of capital equipment for all General Fund departments and selected special revenue funds. Capital equipment eligible for funding in the EAF includes maintenance equipment, furniture, computers, communication equipment, automobiles, trucks, vans, garbage trucks, construction equipment and other items that have an average useful life of 3 to 15 years.

In FY1997, City Council approved Ordinance No. 96-1178, which authorizes the issuance of commercial paper to finance the purchase of capital equipment, budgeted in the EAF. This technique provides "on-time" financing (i.e. commercial paper issuance timed to payments to vendors) at traditionally lower interest rates.

APPROVAL PROCESS

The purchase of a vehicle or piece of equipment through EAF must pass through several approval steps. First, the equipment must be recommended by the Mayor, through his Chief Administrative Officer. Second, funds must be appropriated by City Council. Third, City Council must approve the specific purchase, normally with a review by the Strategic Purchasing Division of Finance and Administration (F&A) to insure that appropriate procurement regulations were followed.

EQUIPMENT TYPES

Following is an overview of the categories of equipment appropriated in this fund:

Rolling Stock Replacement – the City's rolling stock is comprised of a wide array of equipment ranging from tractors, mowers and trailers to patrol cars, garbage trucks, and fire apparatus. This year, emphasis is being placed on identifying vehicles that will cost more to repair than the annual debt service cost if these vehicles are replaced. Solid Waste Management is requesting to replace sideloader garbage trucks with high maintenance costs. The Police Department is replacing high mileage marked patrol cars and investigative units while the Fire Department is targeting the replacement of ambulances, some fire-fighting apparatus, SUVs for District Chiefs, and squad vehicles for paramedics.

Other Equipment – this category is comprised of all items that are not rolling stock or computer equipment. It ranges from fire gear to automated garbage containers. Typically, the Fire Department will request replacement bunker gear and the Parks Department will request replacement of athletic and recreational equipment.

Information Technology (IT) – this category is comprised of all IT hardware and software or voice and data communications technology. This equipment ranges from network infrastructure enhancements to the replacement of outdated hardware, software, and data communication components. The replacement of desktop components (computers, printers, scanners, monitors), servers, and data storage arrays will continue as the older components are no longer supported by the manufacturer, and maintenance costs become prohibitive. Upgrades and improvements of the network will enable the successful implementation of major projects such as the Integrated Case Management System and a new Enterprise Resource Planning (ERP) system.

DETERMINING THE CORRECT ASSET INVENTORY

The F&A Department analyzed the city's fleet to determine when to replace vehicles. Research into the various departments sought to determine the current fleet size, reserve fleet size, maintenance procedures and replacement criteria for vehicles. F&A recommended to the other departments that they reduce their fleets based on need before requesting any replacement vehicles. These studies have enabled F&A to develop a logical and supportable set of guidelines for vehicle replacement.

The Information Technology Department (ITD) asked the departments to conduct an inventory of all computer assets. The departments were asked to identify excess and obsolete hardware. This process resulted in a determination of the correct number of assets needed to perform City business functions. The Chief Information Officer (CIO) developed a five-year plan to replace computer hardware/software and a list of IT projects that should be funded. This process produced a prioritized list of information technology infrastructure improvements and a set of guidelines for computer asset replacement.

FISCAL YEAR 2005

For FY2005, guidelines have been implemented requiring that a vehicle must have logged at least 95,000 miles or must be at least 10.5 years old in order to be considered for replacement. The exception to the age requirement is for marked police vehicles and ambulances, which must be 6 years or 4.5 years old respectively. If a vehicle does not meet one of the above guidelines, the department must show that the maintenance costs to continue to operate a vehicle will be greater than the annual debt service on the purchase of a new vehicle.

Guidelines for desktop compute replacement are set at 4.5 years. Major IT projects must receive approval of the CIO before the departments submit the item to the budget review process.