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. Capital equipment eligible for funding in the EAF includes marked patrol cars, ladder trucks, pumper trucks, garbage trucks, maintenance equipment, furniture, computers, communication equipment, 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.

FIVE-YEAR REPLACEMENT PLAN

At the direction of the Mayor, the Finance Department (Finance) requested each department to prepare a Five-Year Equipment Acquisition Replacement Plan. The first step in the development of the equipment replacement plan was a needs assessment. The departments evaluated their fleets based on operational requirements to determine: (a) do they have all the equipment they need, (b) could they remove from their fleet excess vehicles, or (c) do they require additional vehicles to perform their assigned City services. Then, departments reviewed their fleets to determine an optimum replacement schedule for all vehicles and other equipment. Finally, the first five years of this schedule were presented as a Replacement Plan.

Finance analysts performed a review of the departments' submissions to evaluate the current fleet size, reserve fleet size, maintenance procedures and replacement criteria used by the departments. This independent analysis enabled Finance to develop a logical and supportable plan for vehicle replacement. Finance made recommendations to the departments to adjust the Five-Year Plan submissions to ensure that the replacement requests were reasonable. The FY2011 portion of the Five Year Replacement Plan is the recommended FY2011 Equipment Acquisition Fund budget.

The Information Technology Department worked with all City departments to determine the appropriate number of technology assets needed to perform City business along with maintaining a standard configuration for desktop components. The Chief Technology Officers of the City departments worked together on the Technology Steering Committee (TSC) to identify technology replacement needs (both hardware and software) and establish a list of IT projects that should be funded. This process produced a set of guidelines for computer asset replacement and a prioritized list of information technology infrastructure improvements and projects.

APPROVAL PROCESS

Even after the completion of the five-year plan, the purchase of a vehicle or other equipment through EAF must pass through additional approval steps. First, each City department submits their equipment needs to Finance for consolidation into a fiscal year Equipment Procurement Plan. The procurement plan is forwarded to City Council for approval. Second, funds for all equipment purchases must be appropriated by City Council. Third, City Council must approve the specific purchase, normally with a review by the Strategic Purchasing Division of the Administration and Regulatory Affairs Department to ensure 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. 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 replacement of side-loader 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, and squad vehicles for paramedics. Additionally, the City continues its initiative to purchase hybrid alternatives within vehicle categories where there is a financially viable alternative. The City accomplished its goal of 50% of the light duty non specialized fleet being hybrid or other alternative fuel source in FY2010.

Other Equipment – this category is comprised of all items that are not rolling stock or computer equipment. Typically, the Fire Department will request replacement bunker gear and other incidental equipment.

Information Technology (IT) – this category is comprised of all IT hardware and voice/data communications technology. This equipment ranges from network infrastructure enhancements to the replacement of obsolete 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 Enterprise Resource Planning (ERP) system and a new Records Management system for the Houston Police Department.

FY2011 EQUIPMENT ACQUISITION

			FY2011 BUDGET			
DEPARTMENT	FY2009 ADOPTED	FY2010 ADOPTED	ROLLING STOCK	OTHER EQUIPMENT	INFORMATION TECHNOLOGY	FY2010 TOTAL
AFFIRMATIVE ACTION	0	0	93,938	0	0	93,938
ADMINISTRATIVE AND REGULATORY AFFAIRS	0	106,288		0	0	0
CITY CONTROLLER	0	0	0	0	0	0
CONVENTION & ENTERTAINMENT	0	0	0	0	0	0
FINANCE	0	21,920		0	0	0
FIRE	9,000,000	7,355,470	3,844,156	2,035,384	450,000	6,329,540
GENERAL SERVICES	0	415,058	157,006	0	0	157,006
HEALTH & HUMAN SERVICES	300,000	588,065	352,911	0	450,000	802,911
HOUSTON EMERGENCY CTR	500,000	3,000,000	0	0	725,000	725,000
HOUSING AND COMM. DEV.	0	217,748	229,280	0	0	229,280
HUMAN RESOURCES	0	20,468	0	0	0	0
*INFORMATION TECHNOLOGY	5,450,000	7,594,265	56,231	0	15,836,000	15,892,231
LEGAL	0	0	0	0	0	0
LIBRARY	300,000	314,543	25,401	0	1,151,000	1,176,401
MAYOR'S OFFICE	0	43,840	78,382	0	0	78,382
MUNICIPAL COURTS – ADMIN	2,000,000	7,306,920	0	0	4,501,000	4,501,000
PARKS & RECREATION	2,500,000	1,995,250	1,960,475	0	0	1,960,475
PLANNING	0	221,920	25,401	0	184,000	209,401
POLICE	21,675,000	17,170,422	4,982,473	0	6,625,000	11,607,473
PUBLIC WORKS & ENGINEERING	4,500,000	3,011,441	1,497,482	0	78,000	1,575,482
SOLID WASTE MANAGEMENT	3,500,000	4,675,818	1,895,043	0	0	1,895,043
MISCELLANEOUS:	3,700,000	0	50,955	0	0	50,955
CONTINGENCY	0	150,878	250,867	0	0	250,867
EQUIPMENT ACQUISITION TOTAL	53,425,000	54,210,314	15,500,000	2,035,384	30,000,000	47,535,384

*Information Technology (Org 1520) was implemented in FY2001 in General Government to setup one account for the procurement of all computer related items to be monitored by the Chief Information Officer per Executive Order (1-44). In FY2003, Information Technology functions were separated from Finance and Administration and established as an independent department.