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 light duty passenger cars, marked patrol cars, ladder trucks, pumper trucks, refuse 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 Fleet Management Department (FMD) requested each department to prepare a Five-Year Equipment Acquisition Replacement Plan. The first step in the development of the equipment replacement plan is 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.

FMD 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 FMD to develop a logical and supportable plan for vehicle replacement. FMD made recommendations to the departments to adjust the Five-Year Plan submissions to ensure that the replacement requests were reasonable. The FY2012 portion of the Five Year Plan is the recommended FY2012 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 identity technology replacement needs (both hardware and software), and establish a list of IT projects that require funding. This process produced a set of guidelines for computer asset replacement and a prioritized list of information and projects for improvements to City's technology infrastructure.

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 FMD for all rolling stock/vehicles (RS). The Finance Department receives a list of non-rolling stock (NRS) equipment from City departments. Finance and FMD work together to prepare a list of RS and NRS for consolidation into a fiscal year Equipment Acquisition Plan.

EQUIPMENT TYPES

The following is an overview of the categories of equipment in this fund:

Rolling Stock Replacement – the City's rolling stock is comprised of a wide array of equipment ranging from light duty passenger cars, tractors, mowers and trailers to patrol cars, refuse trucks, and fire apparatus. Emphasis is being placed on identifying replacement of 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 refuse 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. During FY2011, the City stepped up its process in alternative fuel with Electric Vehicles (EV). In FY2012, The EV's will primarily be in the City's Downtown Motor Pool. During the five-year plan, the goal will be to increase the use of alternative energy with all City light duty passenger vehicles.

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. The Fleet Management Department plans to place additional EV charging stations during FY2012 to accompany the increase in EV vehicles.

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 manufacturer no longer supports the older components, 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.

The following table presents the preliminary Equipment Acquisition Plan for Rolling Stock and Non-Rolling Stock. A proposed plan will be submitted for City Council consideration separately.

DEPARTMENT	FY2012	FY2013	FY2014	FY2015	FY2016	5 YEAR TOTAL
	ROLLING STOCK (in thousands)					
Administration and Regulatory Affairs	24	24	24	24	24	120
Fire Department	4,000	5,300	5,100	5,100	5,850	25,350
Fleet Management Department	897	448	396	398	425	2,565
General Services Department	412	201	200	108	110	1,031
Health and Human Services	186	161	166	176	176	865
Housing and Community Development	-	23	110	-	-	132
Houston Emergency Center	-	-	-	-	-	-
Human Resources	-	-	-	-	25	25
Information Technology Department	34	17	17	17	17	103
Legal Department	-	-	-	-	-	-
Mayor's Office	23	-	-	23	-	47
Miscellaneous/Smaller Departments	23	-	-	52	100	175
Office of Business Opportunity	-	-	-	-	-	-
Parks and Recreation Department	1,900	1,800	1,662	1,500	2,040	8,902
Planning & Development	-	-	-	25	-	25
Police Department	4,200	4,000	4,000	4,000	4,900	21,100
Public Library	-	26	26	26	26	102
Public Works and Engineering	1,500	1,200	1,500	1,500	1,857	7,557
Solid Waste Management	2,300	2,300	2,300	2,550	2,950	12,400
City's Stimulus Grant RS	-	-	-	-	-	-
Contingency (FMD)	-	-	-	-	-	-
TOTAL ROLLING STOCK	**15,500**	**15,500**	**15,500**	**15,500**	**18,500**	**80,500**
	NON-ROLLING STOCK (in thousands)					
Fire Department	2,035	2,000	2,000	2,000	2,000	10,035
Solid Waste Management	1,000	1,000	1,000	1,000	1,000	5,000
TOTAL NON-ROLLING STOCK	**3,035**	**3,000**	**3,000**	**3,000**	**3,000**	**15,035**
EQUIPMENT ACQUISITION TOTAL	**18,535**	**18,500**	**18,500**	**18,500**	**21,500**	**95,535**