

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 (FIN) 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.

FIN 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 FIN to develop a logical and supportable plan for vehicle replacement. FIN made recommendations to the departments to adjust the Five-Year Plan submissions to insure that the replacement requests were reasonable. The FY2010 portion of the Five Year Replacement Plan is the recommended FY2010 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 FIN 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 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. 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 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, 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 anticipates accomplishing its goal of 50% of the light duty non specialized fleet being hybrid or other alternative fuel source, this fiscal year.

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.

FY2010 EQUIPMENT ACQUISITION

DEPARTMENT	FY2008 ADOPTED	FY2009 ADOPTED	FY2010 BUDGET			
			ROLLING STOCK	OTHER EQUIPMENT	INFORMATION TECHNOLOGY	FY2010 TOTAL
AFFIRMATIVE ACTION	0	0	0	0	0	0
ADMINISTRATIVE AND REGULATORY AFFAIRS	0	0	106,288	0	0	106,288
CITY CONTROLLER	0	0	0	0	0	0
CONVENTION & ENTERTAINMENT	0	0	0	0	0	0
FINANCE	62,628	0	21,920	0	0	21,920
FIRE	6,592,244	9,000,000	4,392,713	2,552,757	410,000	7,355,470
GENERAL SERVICES	277,840	0	415,058	0	0	415,058
HEALTH & HUMAN SERVICES	1,814,651	300,000	588,065	0	0	588,065
HOUSTON EMERGENCY CTR	180,000	500,000	0	0	3,000,000	3,000,000
HOUSING AND COMM. DEV.	0	0	217,748	0	0	217,748
HUMAN RESOURCES	0	0	20,468	0	0	20,468
*INFORMATION TECHNOLOGY	13,796,583	5,450,000	51,467	0	7,542,798	7,594,265
LEGAL	0	0	0	0	0	0
LIBRARY	275,000	300,000	59,543	0	255,000	314,543
MAYOR'S OFFICE	0	0	43,840	0	0	43,840
MUNICIPAL COURTS – ADMIN	150,000	2,000,000	21,920	0	7,285,000	7,306,920
PARKS & RECREATION	1,256,200	2,500,000	1,995,250	0	0	1,995,250
PLANNING	0	0	21,920	0	200,000	221,920
POLICE	12,720,520	21,675,000	10,908,480	0	6,261,942	17,170,422
PUBLIC WORKS & ENGINEERING	1,273,328	4,500,000	3,011,441	0	0	3,011,441
SOLID WASTE MANAGEMENT**	3,216,523	3,500,000	4,675,818	0	0	4,675,818
MISCELLANEOUS:	0	3,700,000	0	0	0	0
CONTINGENCY	483,000	0	150,878	0	0	150,878
EQUIPMENT ACQUISITION TOTAL	42,098,517	53,425,000	26,700,000	2,552,757	24,954,740	54,207,497

*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.

**Solid Waste side loaders add \$1.7M incremental expense to be financed with grants to the extent available