



# Equipment Replacement Fund Program and Review Committee

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CITY COUNCIL FINANCE COMMITTEE

MAY 7, 2025

# Background

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January 22, 2025: Staff presented proposed Equipment Replacement Funds Policy to Council Policy and Valuation Committee

February 17, 2025: Council approved resolution formally adopting the ERF Policy

March 12, 2025: ERF Committee met to discuss ERF policy criteria, member roles, and the program implementation process

March 13, 2025: Departments received a link to submit FY2026 vehicle/equipment replacement requests

March 27, 2025: ERF Committee reconvened to review all submissions and discuss each item in detail. Each member then independently completed their rankings

April 1, 2025: Prioritized replacement list provided to City Manager's Office

April 2 – 28, 2025: Staff worked to reconcile all equipment eligible for replacement to identify any potential omissions and confirm funding availability

# Policy Overview

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## **Purpose of the ERF Program:**

- Ensure funding for future replacement of City vehicles and equipment
- Stabilize annual budgeting by spreading costs over time
- Provide a structured review and approval process for replacements

## **Key Policy Highlights:**

- All vehicles and equipment are owned by the ERF and assigned to departments
- Departments contribute monthly toward future replacements
- Proceeds from surplus sales are returned to the ERF fund

## **Roles and Responsibilities:**

- Departments: Submit replacement requests and fund contributions
- Internal Review Committee: Review and rank requests
- Purchasing Division: Maintain policy, schedules, and coordinate replacements
- Finance Director: Manage the ERF, ERF budget, and determine funding
- City Manager: Approve recommendations for Council review
- City Council Finance Committee: Reviews staff recommendations and periodically advises on ERF acquisitions and replacements during the budget process
- City Council: Approve final replacement lists and funding annually

# Internal Review Committee Members

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Chief Casey Davis – Fire Department

Errick Thompson – Public Works

Gloria Platt – Finance Department

Randy Morrison – Capital Engineering

Tony McIlwain – Development Services

James Roberts – Parks & Recreation

Kim Peckler – Community Services

Lauren Seay – Purchasing Division

Lieutenant Brandon Glass – Police Department






Tray Gee – Public Works (Fleet Maintenance)

# Replacement Eligibility Criteria

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- According to the policy, vehicles ***may*** be replaced based on the outlined criteria:
  - **Vehicle Depreciation** – The decline in value over time, impacting resale potential and financial feasibility of repairs.
  - **Age** – The number of years in service compared to the estimated useful life.
  - **Mileage or Hours** – The total usage, with thresholds set for different vehicle/equipment types.
  - **Mechanical Condition** – The current state of the unit, including wear, functionality, and major repairs needed.
  - **Maintainability/Reliability** – The frequency and severity of breakdowns, along with how easily the unit can be maintained.
  - **Maintenance Cost** – The overall expense of repairs, including whether costs exceed a reasonable threshold.
  - **Safety** – Any safety concerns, including outdated features, increased risk of failure, or operational hazards.
- 30 ERF Replacement Request forms were received for consideration.
- The committee was asked to collaborate and ask questions to assess the use and justification of vehicles that meet the above criteria and are being requested for replacement.

# INTERNAL COMMITTEE REVIEW PROCESS

 <b>Kickoff &amp; Committee Role</b>	 <b>Department Submissions</b>	 <b>Collaborative Review Process</b>	 <b>Independent Rankings</b>	 <b>Final Review &amp; Recommendation</b>
<p>Met to discuss ERF policy criteria, member responsibilities, and program implementation</p>	<p>A Microsoft Form was distributed to collect detailed information including:</p>	<p>The committee reconvened to:</p>	<p>Each member independently ranked the requests based on review discussions &amp; criteria</p>	<p>Finance, Public Works, and Purchasing staff worked alongside the City's financial consultant to:</p>
<p>Members appointed as liaisons to assist departments during the submission phase</p>	<ul style="list-style-type: none"> <li>• How the vehicle/equipment is used &amp; justification for replacement</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss operational needs &amp; challenges</li> </ul>	<p>Representation from each contributing department and division ensured a well-rounded, comprehensive evaluation</p>	<ul style="list-style-type: none"> <li>• Review &amp; refine the draft recommendation</li> </ul>
	<ul style="list-style-type: none"> <li>• Strategic Plan Area supported by the vehicle/equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Identify requests that could be deferred</li> </ul>		<ul style="list-style-type: none"> <li>• Identify any missed or eligible assets</li> </ul>
	<ul style="list-style-type: none"> <li>• Any change in the make/model requested from the existing equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Understand what equipment replacement needs were currently hindering operations</li> </ul>		<ul style="list-style-type: none"> <li>• Confirm that all known Fleet needs were considered</li> </ul>

# Final Considerations

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- **Guidelines for vehicle/equipment replacement eligibility including age, mileage, condition, maintenance costs, and safety. However, this is not an absolute criteria for replacement. Other considerations may include:**
  - Operational impact & service demands
  - Parts availability & technological obsolescence
  - Cost benefit analysis (ongoing maintenance vs replacement vs resale)
- **To effectively manage the ERF, staff must account for manufacturer lead times, which can extend 12 to 18 months or longer.**
  - The current age listed in the following recommendation tables reflects each unit's age as of March 2025. While some units may not yet meet the mileage or age thresholds outlined in the policy, staff anticipates that most will by the time the replacement equipment is delivered.

# Final Recommendation – Governmental Fund

Ranking	Department Name	Unit Number	Existing Vehicle/Equip.	Requested Replacement Vehicle/Equip.	Additional Details	Replacement Mileage/Hours	Current Mileage/Hours*	Replacement Age	Current Age*	Preliminary Cost**	Running Total
1	Public Works	640	McConnell PA48	John Deere 6105E Tractor, Tiger 22' boom mower with rear stow, Tiger 50" rotary head w/disc & hydraulic door	The existing 2013 boom mower has experienced heavy use and frequent downtime, impacting operations. Parts are increasingly difficult to source due to the UK-based manufacturer. Although not scheduled for replacement until 2028, the department would require a 6-month rental—at \$12,000 to \$15,000 per month—to meet existing service demand. This equipment is essential for right-of-way mowing, a service regularly requested by both citizens and City Council. The department is also disposing of and auctioning additional surplus units to complete the funding needed to accelerate this purchase of a purpose-built replacement.	NA	NA	15	12	\$189,100	<b>\$189,100</b>
2	Public Works	357	Ferguson Rubber Tire Asphalt Roller	Ford F-450	Public Works no longer performs large-scale paving and overlays and has been outsourcing this work. As a result, this unit is no longer needed. The replacement requested is more versatile and supports several types of work staff performs. The current unit far exceeds the age criterion in the replacement policy.	6,000	1,317	15	23.2	\$135,000	<b>\$324,100</b>
3	Police	565	Jeep Compass	Chevrolet Traverse	This unit far exceeds the age criterion in the replacement policy. It has experienced significant downtime and extensive repairs. The Police Department is requesting a vehicle with additional room for investigators, supplies, and cargo.	125,000	52,488	8	13.2	\$38,600	<b>\$362,700</b>

*\*Current mileage/hours and current age reflect the vehicle or equipment's status as of March, not at the time replacement units would be placed in service.*

*\*\*All costs are preliminary estimates.*



# Final Recommendation – Proprietary Fund

Ranking	Department Name	Unit Number	Existing Vehicle/Equip.	Requested Replacement Vehicle/Equip.	Additional Details	Replacement Mileage/Hours	Current Mileage/Hours*	Replacement Age	Current Age*	Preliminary Cost**	Running Total
1	Public Works	733	Chevy 3500 HD	Chevy Silverado 4500 HD	Unit 733 is used every day to haul necessary equipment and materials, and staff to locations each day. The unit is used for water main breaks, sewer main breaks, and service repairs. The current unit does not have the capability of towing the 20,000lb vacuum trailer, a current business need. The unit is recommended for replacement based on projected age, mileage, engine hours and the added functionality of the replacement unit.	125,000	76,121	8	6.8	\$83,000	<b>\$83,000</b>
2	Hidden Creek Golf Course	GC 1517	Toro/EQ HD 200	HD300	Unit is used to spray fungicides/herbicides/fertilizers onto playing surfaces. Department originally requested unit with geo link and option for GPS control of nozzles to optimize coverage and limit waste and excess application of product. Funding available covers replacement of sprayer only with the capability of adding GPS later. The current unit far exceeds the age criterion in the replacement policy.	4,000	NA	5	11.7	\$25,000	<b>\$108,000</b>
3	Public Works	560	Chevrolet Colorado	Chevy Colorado	This vehicle is used daily by meter technicians for routine daily maintenance, including meter reading, installations, and repairs. Timely replacement ensures continued reliability and availability for these essential operations. The current unit far exceeds the age criterion in the replacement policy.	125,000	97,439	8	13.2	\$40,000	<b>\$148,000</b>
4	Public Works	693	Chevy Silverado 1500	Chevy Colorado	This vehicle is used daily by meter technicians for routine daily maintenance, including meter reading, installations, and repairs. Timely replacement ensures continued reliability and availability for these essential operations. Current vehicle mileage is 103,983 and Public Works is requesting to downsize vehicle as a full size truck is not necessary for these duties and for consistency in the fleet. The current unit has surpassed the age criterion in the replacement policy.	125,000	103,983	8	8	\$40,000	<b>\$188,000</b>

*\*Current mileage/hours and current age reflect the vehicle or equipment's status as of March, not at the time replacement units would be placed in service.*

*\*\*All costs are preliminary estimates.*

# Final Recommendation – Proprietary Fund (cont.)

Ranking	Department Name	Unit Number	Existing Vehicle/Equip.	Requested Replacement Vehicle/Equip.	Additional Details	Replacement Mileage/Hours	Current Mileage/Hours*	Replacement Age	Current Age*	Preliminary Cost**	Running Total
5	Hidden Creek Golf Course	GC1529	Skag 72" Mower	NA	This mower is one of two units used to maintain tight, hard-to-reach areas at Hidden Creek Golf Course. Although not used year-round due to weather conditions, the units are essential to ongoing maintenance and experience significant wear and tear during operation. The unit has experienced significant downtime and is recommended for replacement.	4,000	412.7	5	3.2	\$15,000	<b>\$203,000</b>
6	Public Works	731	Chevy Silverado 2500	Chevy Silverado 1500	Unit 731 is used daily to transport staff, equipment, and materials to job sites. The department requests downsizing from a 2500 to a 1500 series truck, as a heavy-duty vehicle is not necessary for this unit. A 1500 series truck will meet the business need at lower cost while improving fleet efficiency.	125,000	92,989	8	6.8	\$50,000	<b>\$253,000</b>
7	Hidden Creek Golf Course	GC 1530	Skag	NA	This mower is one of two units used to maintain tight, hard-to-reach areas at Hidden Creek Golf Course. Although not used year-round due to weather conditions, the units are essential to ongoing maintenance and experience significant wear and tear during operation. The unit has experienced significant downtime and is recommended for replacement.	4,000	461.7	5	3.2	\$15,000	<b>\$268,000</b>
8	Public Works	734	Chevy 3500 HD	Chevy Silverado 4500 HD	This unit is used for critical tasks such as water main breaks, sewer main breaks, and service repairs. The current unit does not have the capability of towing the 20,000lb vacuum trailer, a current business need. The unit is recommended for replacement based on projected age, mileage, engine hours and the added functionality of the replacement unit.	125,000	60,108	8	6.8	\$83,000	<b>\$351,000</b>

*\*Current mileage/hours and current age reflect the vehicle or equipment's status as of March, not at the time replacement units would be placed in service.*

*\*\*All costs are preliminary estimates.*

# Final Recommendation – Proprietary Fund (cont.)

Ranking	Department Name	Unit Number	Existing Vehicle/Equip.	Requested Replacement Vehicle/Equip.	Additional Details	Replacement Mileage/Hours	Current Mileage/Hours*	Replacement Age	Current Age*	Preliminary Cost**	Running Total
9	Public Works	584	Chevy Silverado 2500	Chevy Silverado 1500	This Right-of-Way (ROW) truck is used daily to transport staff, equipment, and materials to various locations. It supports response to 811 locate calls and inspections of ROW permits. The current unit has surpassed the age criterion in the replacement policy. In addition, Public Works requests downsizing from a 2500 to a 1500 series truck, as a larger vehicle is not required for meeting business needs. This supports the department's fleet efficiency initiative.	125,000	79,804	8	11.8	\$50,000	<b>\$401,000</b>
10	Hidden Creek Golf Course	GC 549	John Deere/Gator	John Deere/gator	This unit is used for crews and equipment at the golf course. It was originally scheduled for replacement in 2021. The current unit has surpassed the age criterion in the replacement policy.	4,500	2,924.40	5	8.4	\$9,600	<b>\$410,600</b>
11	Public Works	547	CAT 420E	CAT 420E Backhoe	This unit is used by Public Works to excavate and backfill water and sewer main breaks, as well as perform service repairs. The current unit has far exceeded the age criterion in the replacement policy.	7,500	2,371	10	14.2	\$148,000	<b>\$558,600</b>

*\*Current mileage/hours and current age reflect the vehicle or equipment's status as of March, not at the time replacement units would be placed in service.*

*\*\*All costs are preliminary estimates.*

# Funding Overview

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## Governmental Equipment Replacement Fund

Total Recommendation	Current Estimated Ending Fund Balance (9/30/2025)
\$362,700	\$6,025,676
<b>Estimated Ending Fund balance AFTER recommended replacements: \$5,662,976</b>	

## Proprietary Equipment Replacement Fund

Total Recommendation	Current Estimated Ending Fund Balance (9/30/2025)
\$558,600	\$2,244,578
<b>Estimated Ending Fund balance AFTER recommended replacements: \$1,685,978</b>	

Staff will continue confirming pricing of the recommended replacements and prepare agenda item(s) for purchases requiring City Council approval

# Next Steps

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**The City Council Finance Committee recently inquired about the pros and cons of bidding fleet purchases versus using cooperatives.**

## **Recommendation for FY26 Purchases:**

- To meet the previously established target of ordering by summer 2025, cooperative purchasing is recommended.
- This approach avoids delays due to extended lead times and allows staff time to conduct a thorough analysis of whether competitive bidding would offer better value in future years.

## **Considerations for competitive bidding:**

- Fleet staff currently source quotes from multiple vendors prior to leveraging a cooperative and often the quotes provided are actually from the vendors' cooperative contracts.
- FY26 purchases can be competitively bid but would extend the timeline by an additional approximate 12-14 weeks to have bid awards to City Council for approval. This includes:
  - six to eight weeks to develop detailed specifications for each unit's specific configuration and upfit
  - a minimum four-week posting of the solicitation to allow vendors sufficient time to prepare submissions and ask questions
  - up to two weeks to review submissions for responsiveness and verify bidder responsibility prior to presenting award recommendations for Council consideration.

# Questions or Comments