
City Council Regular Meeting

DEPARTMENT: City Manager's Office
FROM: Harlan Jefferson, Deputy City Manager
MEETING: February 17, 2025

SUBJECT:

Consider and take possible action on a resolution approving the city's Equipment Replacement Fund Program. (*Staff Contact: Harlan Jefferson, Deputy City Manager*)

SUMMARY:

The Equipment Replacement Fund (ERF) Program ensures long-term financial sustainability by stabilizing budgetary impacts associated with replacing aging city vehicles and equipment. By implementing a systematic approach to funding replacements through scheduled contributions from department budgets, the city can avoid unexpected large capital outlays, thereby improving fiscal predictability. This policy also facilitates effective fleet and equipment management, ensuring that the city operates reliable, efficient vehicles and tools while minimizing maintenance costs and operational downtime. Additionally, the ERF enhances financial transparency by clearly delineating the responsibilities of departments and committees involved in equipment procurement and replacement, promoting accountability in resource management.

The ERF Program consists of several critical components:

1. **Policy Overview** – Establishes the framework for managing and funding replacements, detailing that vehicles and equipment are owned by the ERF and allocated to user departments.
2. **Organizational Responsibilities** – Assigns roles to city departments, the Finance Committee, the Purchasing Division, the Finance Director, the City Manager, and the City Council, each responsible for specific aspects of the program, such as managing contributions, reviewing requests, and approving replacements.
3. **Replacement Request Process** – Outlines the annual process for departments to request vehicle and equipment replacements during the budget cycle, including submission and review of procurement requests by an internal committee.
4. **Replacement Criteria** – Provides guidelines for determining when items qualify for replacement based on factors like age, mileage, and condition while also allowing for exceptions in cases of excessive maintenance or total loss.
5. **Replacement Funding**—This program defines the funding mechanism, where departments contribute to the ERF based on the estimated replacement cost and expected useful life of each item. The program also specifies how sale proceeds,

investment income, and claims are credited to the ERF, ensuring sufficient funds are available for future replacements.

RECOMMENDATION:

Approve the resolution authorizing the city's Equipment Replacement Fund Program; and declaring an effective date.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

On January 22, 2025, the Policy and Valuation Committee met to discuss the ERF program and consider making a recommendation to the City Council. The Policy and Valuation Committee's recommendation is for the City Council to adopt an ERF program.

On February 3, 2025, the City Council received a report and presentation on the ERF program and expressed support for approving the program policy document.

REFERENCE:

N/A

FISCAL IMPACT:

N/A

STAFF CONTACT:

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